



**AND ADVANCE MATH AND SCIENCE ACADEMY SOARING EAGLES
FOUNDATION, INC.**

**FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
JUNE 30, 2025 AND 2024**

DRAFT

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
ADVANCED MATH AND SCIENCE ACADEMY SOARING EAGLES FOUNDATION, INC.
(FORMERLY KNOWN AS STEM SOARING EAGLES FOUNDATION, INC.)**

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June 30, 2025 and 2024

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**Unmodified Opinion on Financial Statements Accompanied by Required
Supplementary Information - Governmental Entity**

Independent Auditor's Report

To the Boards of Trustees of
Advanced Math and Science Academy Charter School and
Advanced Math and Science Academy Soaring Eagles Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Advanced Math and Science Academy Charter School (a Massachusetts charter school) (the School) and the blended component unit, Advanced Math and Science Academy Soaring Eagles Foundation, Inc. (formerly known as STEM Soaring Eagles Foundation, Inc.) (a Massachusetts corporation, not for profit) (the Foundation), (collectively, the Organization), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Advanced Math and Science Academy Charter School and the blended component unit, Advanced Math and Science Academy Soaring Eagles Foundation, Inc., as of June 30, 2025 and 2024, and the respective changes in their net position and their 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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 Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 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.

Westborough, Massachusetts
October 14, 2025

DRAFT

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ADVANCED MATH AND SCIENCE ACADEMY SOARING EAGLES FOUNDATION, INC.
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Management's Discussion and Analysis
June 30, 2025 and 2024

Our discussion and analysis of the Advanced Math and Science Academy Charter School's (the School) financial performance provides an overview of the School's financial activities for the fiscal years ended June 30, 2025 and 2024. Please read it in conjunction with the School's financial statements and the related notes to the financial statements.

The School as a Whole

The School received its charter on February 24, 2004, and opened in September 2005, to operate as a public charter school in the Commonwealth of Massachusetts. The School opened with grades 6 and 7 and added one grade each year through grade 11. The Board of Trustees of the School requested approval for a charter amendment to increase the School's maximum enrollment from 828 to 966 students, an increase of 138 students. The Board of Elementary and Secondary Education voted on February 23, 2010, to approve the School's request to amend its charter to increase enrollment from 828 to 966 students and to increase grades served from grades 6 through 11 to grades 6 through 12. The School had 966 students in fiscal years 2025 and 2024.

The School's charter was renewed by the Massachusetts Department of Elementary and Secondary Education (DESE) through June 30, 2030, without conditions.

Using This Annual Report

This annual report consists of a series of financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statement - Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34), the School is considered a special purpose government entity that engages in only business-type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 34, the School issues a *Statement of Net Position*, a *Statement of Revenues, Expenses and Changes in Net Position* and a *Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the financial statements, which provide additional information that is essential to a full understanding of the information provided in the basic financial statements.

Financial Statements

The statement of net position presents the assets, liabilities, deferred inflows of resources and net position of the School as a whole, as of the end of the fiscal year. The statement of net position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the School to the readers of the financial statements. The statement of net position includes year-end information concerning current and non-current assets, current and non-current liabilities, deferred inflows of resources and net position. Deferred inflows of resources and net position represents the difference between assets and liabilities. Net position is displayed in three components: unrestricted, invested in capital and restricted program net position. Invested in capital net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, including lease and subscription related assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, contributors, or government laws or regulations of other governments. Unrestricted operating net position represents all other net position that do not meet the definition of restricted or invested in capital net position. Over time, readers of the financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School.

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Management's Discussion and Analysis
June 30, 2025 and 2024

Financial Statements (Continued)

This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The statement of revenues, expenses and changes in net position report the financial (revenue and expenses) activities of the School and divide revenue into two categories: operating activities and general revenue. Operating activities include all financial activities associated with the operation of the School and its related programs. General revenue includes all revenue received which is not fee generated or designated for a specific purpose with the exception of capital grants. Changes in total net position as presented on the statement of net position are based on the activity presented in this statement. This statement helps to determine whether the School had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

The statement of cash flows provides information about the School's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?". This statement also is an important tool in helping users assess the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Financial Highlights - Charter School

The following financial highlights are for fiscal year 2025, with comparative information for fiscal year 2024:

- The School held total assets of \$44,737,995 and \$46,076,750 at June 30, 2025 and 2024, respectively, of which \$32,504,656 and \$27,675,397 were net capital assets, respectively. Capital assets are purchased to benefit the School. During fiscal year 2022, the School purchased 199-201 Forest Street and, during fiscal years 2025 and 2024, the School completed construction and opened its new 17,000-square-foot classroom and science lab building. The majority of the remaining assets consisted of cash and U.S. Treasury Bills of \$10,125,635 and cash of \$16,482,055 as of June 30, 2025 and 2024, and prepaid expenses of \$800,004 and \$733,354, respectively.
- The School held total current liabilities of \$3,515,948 and \$5,465,767 at June 30, 2025 and 2024, respectively, and total long-term liabilities of \$23,078,119 and \$23,324,910, respectively.
- The School had \$635,103 and \$800,782 of deferred inflows of resources at June 30, 2025 and 2024, respectively, and relates to leases of facility and equipment.
- Total net position for the School was \$17,508,825 and \$16,485,291 at June 30, 2025 and 2024, respectively, of which \$6,999,487 and \$5,338,255 were unrestricted, respectively. Invested in capital net position was \$10,321,107 and \$10,969,301 at June 30, 2025 and 2024, respectively. The School also had restricted net position of \$188,231 and \$177,735 at June 30, 2025 and 2024, respectively.
- The School earned total revenue of \$21,461,583 and \$21,295,523 for the years ended June 30, 2025 and 2024, respectively, of which approximately 97% and 96% was operating revenue and 3% and 4% was from general revenue, respectively.
- The School had total expenses of \$20,438,049 and \$20,176,748 for the years ended June 30, 2025 and 2024, respectively. There were no significant unbudgeted expenses for the years ended June 30, 2025 and 2024.

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Management's Discussion and Analysis
June 30, 2025 and 2024

Financial Highlights - Charter School (Continued)

- The School's total unrestricted changes in net position was \$1,013,038 and \$1,077,226 for the years ended June 30, 2025 and 2024, respectively. The School's changes in net position from operations was \$325,937 and \$244,620 for the years ended June 30, 2025 and 2024, respectively. The School's changes in restricted net position was \$10,496 and \$41,549 for the years ended June 30, 2025 and 2024, respectively.

Budgetary Highlights

For the fiscal year ended June 30, 2025, the School incurred \$18,123,211 in actual expenditures, excluding in-kind pension, transportation and goods, compared to budgeted expenditures of \$18,396,000. For the fiscal year ended June 30, 2024, the School incurred \$17,590,593 in actual expenditures, excluding in-kind pension, transportation and goods, compared to budgeted expenditures of \$17,467,000.

For the fiscal year ended June 30, 2025, the School received pupil tuition of \$17,209,184 compared to budgeted tuition of \$16,621,000. For the fiscal year ended June 30, 2024, the School received pupil tuition of \$16,342,604 compared to budgeted tuition of \$16,093,000. The School bases their budgeted tuition based existing Foundation, Above Foundation and Facilities Rates and applies a historical conservative growth rate. For the year ended June 30, 2025, the School received more tuition than budgeted of \$588,184. For the year ended June 30, 2024, the School received more tuition than budgeted of \$249,604.

The School's Financial Activities

The majority of the School's funding is received from the Commonwealth of Massachusetts, Department of Elementary and Secondary Education and is based on a standard rate per-pupil.

Per-pupil tuition funding represents 80% and 77% of the School's total revenue for fiscal years 2025 and 2024, respectively. In addition, the School received various Federal and Commonwealth of Massachusetts grants, which totaled \$386,471 and \$648,830 for fiscal years 2025 and 2024, respectively.

Contacting the School's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional financial information, contact the Business Office of the School.

ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
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Statements of Net Position
June 30, 2025 and 2024

	2025			2024		
	Enterprise Fund			Enterprise Fund		
	Blended Component Unit - AMSAES Foundation	School	Total Enterprise Fund	Blended Component Unit - AMSAES Foundation	School	Total Enterprise Fund
Assets						
Current Assets:						
Cash - operating	\$ 333,203	\$ 4,024,395	\$ 4,357,598	\$ 230,241	\$ 2,475,203	\$ 2,705,444
Cash - construction	-	1,623,597	1,623,597	-	9,727,270	9,727,270
Investments	-	4,477,643	4,477,643	-	4,279,582	4,279,582
Accounts receivable	-	214,515	214,515	-	139,303	139,303
Current portion of leases receivable	-	167,797	167,797	-	162,652	162,652
Prepaid expenses	-	800,004	800,004	-	733,354	733,354
Total current assets	333,203	11,307,951	11,641,154	230,241	17,517,364	17,747,605
Long-Term Assets:						
Leases receivable, net of current portion	-	511,325	511,325	-	679,122	679,122
Right-to-use lease assets, net	-	408,129	408,129	-	163,327	163,327
Subscription asset, net	-	5,934	5,934	-	41,540	41,540
Capital assets, net	-	32,504,656	32,504,656	-	27,675,397	27,675,397
Total long-term assets	-	33,430,044	33,430,044	-	28,559,386	28,559,386
Total assets	\$ 333,203	\$ 44,737,995	\$ 45,071,198	\$ 230,241	\$ 46,076,750	\$ 46,306,991
Liabilities, Deferred Inflows of Resources and Net Position						
Current Liabilities:						
Accrued expenses	\$ -	\$ 2,056,226	\$ 2,056,226	\$ -	\$ 1,834,271	\$ 1,834,271
Construction payables	-	593,190	593,190	-	2,750,233	2,750,233
Accounts payable	2	117,067	117,069	-	119,689	119,689
Current portion of bond payable	-	498,166	498,166	-	481,748	481,748
Subscription liability	-	-	-	-	25,696	25,696
Current portion of lease liabilities	-	95,753	95,753	-	96,638	96,638
Due to (from) affiliate	1,420	(1,420)	-	(4,574)	4,574	-
Deferred revenue	-	156,966	156,966	-	152,918	152,918
Total current liabilities	1,422	3,515,948	3,517,370	(4,574)	5,465,767	5,461,193
Long-term Liabilities:						
Bond payable, net of current portion	-	22,752,431	22,752,431	-	23,250,390	23,250,390
Lease liabilities, net of current portion	-	325,688	325,688	-	74,520	74,520
Total long term liabilities	-	23,078,119	23,078,119	-	23,324,910	23,324,910
Total liabilities	1,422	26,594,067	26,595,489	(4,574)	28,790,677	28,786,103
Deferred Inflows of Resources, net	-	635,103	635,103	-	800,782	800,782
Net Position:						
Unrestricted	115,589	6,999,487	7,115,076	26,100	5,338,255	5,364,355
Invested in capital	-	10,321,107	10,321,107	-	10,969,301	10,969,301
Restricted program - expendable	87,895	94,161	182,056	84,577	96,165	180,742
Restricted program - capital	128,297	94,070	222,367	124,138	81,570	205,708
Total net position	331,781	17,508,825	17,840,606	234,815	16,485,291	16,720,106
Total liabilities, deferred inflows of resources and net position	\$ 333,203	\$ 44,737,995	\$ 45,071,198	\$ 230,241	\$ 46,076,750	\$ 46,306,991

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Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

	Enterprise Fund		
	Blended Component Unit - AMSAES Foundation	School	Total Enterprise Fund
Changes in Unrestricted Net Position:			
Operating revenue:			
Pupil tuition	\$ -	\$ 17,209,184	\$ 17,209,184
In-kind transportation and pension	-	2,314,838	2,314,838
Program service fees	-	838,964	838,964
Grants - government	-	386,471	386,471
Total operating revenue	-	20,749,457	20,749,457
Operating expenses:			
Personnel and related costs:			
Salaries	-	10,281,417	10,281,417
Payroll taxes and fringe benefits	-	2,077,035	2,077,035
In-kind pension	-	1,835,246	1,835,246
Staff development and recruitment	-	41,944	41,944
Total personnel and related costs	-	14,235,642	14,235,642
Direct student costs:			
Program expenses	-	1,631,503	1,631,503
In-kind transportation	-	479,592	479,592
Student transportation	-	365,329	365,329
Contracted services	-	149,526	149,526
Total direct student costs	-	2,625,950	2,625,950
Occupancy:			
Interest	-	787,794	787,794
Repairs and maintenance	-	429,640	429,640
Utilities	-	317,880	317,880
Insurance	-	145,720	145,720
Total occupancy	-	1,681,034	1,681,034
Other operating costs:			
Professional fees	-	285,078	285,078
Miscellaneous	34,577	61,960	96,537
Dues and memberships	-	73,554	73,554
Communications	-	65,655	65,655
Technology	-	55,188	55,188
Office supplies and other	-	53,582	53,582
Total other operating costs	34,577	595,017	629,594
Depreciation and amortization:			
Depreciation	-	1,141,218	1,141,218
Amortization of right-to-use lease and subscription assets	-	144,659	144,659
Total depreciation and amortization	-	1,285,877	1,285,877
Total operating expenses	34,577	20,423,520	20,458,097
Changes in unrestricted net position from operations	(34,577)	325,937	291,360
General revenue (expenses):			
Interest and other	6,068	401,079	407,147
Grants and contributions	117,998	65,556	183,554
Rental income - deferred inflows of resources	-	165,679	165,679
Rental income	-	47,288	47,288
Lease interest income	-	22,028	22,028
Lease interest expense	-	(14,529)	(14,529)
Total general revenue (expenses)	124,066	687,101	811,167
Changes in unrestricted net position	89,489	1,013,038	1,102,527
Changes in Restricted Net Position:			
Program specific grants and contributions - private	7,477	10,496	17,973
Changes in net position	96,966	1,023,534	1,120,500
Net Position:			
Beginning of year	234,815	16,485,291	16,720,106
End of year	\$ 331,781	\$ 17,508,825	\$ 17,840,606

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Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	Enterprise Fund		
	Blended Component Unit - AMSAES Foundation	School	Total Enterprise Fund
Changes in Unrestricted Net Position:			
Operating revenue:			
Pupil tuition	\$ -	\$ 16,342,604	\$ 16,342,604
In-kind transportation and pension	-	2,586,155	2,586,155
Program service fees	-	805,317	805,317
Grants - government	-	648,830	648,830
In-kind goods	-	27,982	27,982
Total operating revenue	-	20,410,888	20,410,888
Operating expenses:			
Personnel and related costs:			
Salaries	-	10,326,741	10,326,741
Payroll taxes and fringe benefits	-	1,992,071	1,992,071
In-kind pension	-	2,184,510	2,184,510
Staff development and recruitment	-	92,879	92,879
Total personnel and related costs	-	14,596,201	14,596,201
Direct student costs:			
Program expenses	-	1,306,331	1,306,331
In-kind transportation	-	401,645	401,645
Student transportation	-	345,718	345,718
Contracted services	-	162,813	162,813
Total direct student costs	-	2,216,507	2,216,507
Occupancy:			
Interest	-	673,921	673,921
Repairs and maintenance	-	584,375	584,375
Utilities	-	230,983	230,983
Insurance	-	127,412	127,412
Total occupancy	-	1,616,691	1,616,691
Other operating costs:			
Professional fees	-	294,610	294,610
Miscellaneous	9,542	101,173	110,715
Dues and memberships	-	55,364	55,364
Communications	-	39,633	39,633
Technology	-	112,971	112,971
Office supplies and other	-	49,743	49,743
Total other operating costs	9,542	653,494	663,036
Depreciation and amortization:			
Depreciation	-	919,810	919,810
Amortization of right-to-use lease and subscription assets	-	163,565	163,565
Total depreciation and amortization	-	1,083,375	1,083,375
Total operating expenses	9,542	20,166,268	20,175,810
Changes in unrestricted net position from operations	(9,542)	244,620	235,078
General revenue (expenses):			
Interest and other	2,246	535,346	537,592
Grants and contributions	5,180	38,224	43,404
Rental income - deferred inflows of resources	-	165,679	165,679
Rental income	-	74,915	74,915
Lease interest income	-	28,922	28,922
Lease interest expense	-	(10,480)	(10,480)
Total general revenue (expenses)	7,426	832,606	840,032
Changes in unrestricted net position	(2,116)	1,077,226	1,075,110
Changes in Restricted Net Position:			
Program specific grants and contributions - private	70,389	41,549	111,938
Changes in net position	68,273	1,118,775	1,187,048
Net Position:			
Beginning of year	166,542	15,366,516	15,533,058
End of year	\$ 234,815	\$ 16,485,291	\$ 16,720,106

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Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Enterprise Fund			Enterprise Fund		
	Blended Component Unit - AMSAES Foundation	School	Total Enterprise Fund	Blended Component Unit - AMSAES Foundation	School	Total Enterprise Fund
Cash Flows from Operating Activities:						
Receipts for pupil tuition	\$ -	\$ 17,302,222	\$ 17,302,222	\$ -	\$ 17,466,699	\$ 17,466,699
Receipts from government grants	-	386,471	386,471	-	734,219	734,219
Receipts from private grants and contributions	131,471	67,687	199,158	107,223	82,791	190,014
Receipts from program service fees and other	6,068	955,461	961,529	2,246	1,289,563	1,291,809
Payments for personnel compensation and related costs	-	(12,179,109)	(12,179,109)	-	(11,929,247)	(11,929,247)
Payments for supplies and services	(34,577)	(3,707,878)	(3,742,455)	(9,542)	(3,635,195)	(3,644,737)
Payments for interest	-	(803,658)	(803,658)	-	(652,241)	(652,241)
Net cash provided by operating activities	102,962	2,021,196	2,124,158	99,927	3,356,589	3,456,516
Cash Flows from Investing Activities:						
Purchase of capital assets	-	(8,127,520)	(8,127,520)	-	(7,262,397)	(7,262,397)
Purchases of investments	-	-	-	-	(4,103,263)	(4,103,263)
Net cash used in investing activities	-	(8,127,520)	(8,127,520)	-	(11,365,660)	(11,365,660)
Cash Flows from Financing Activities:						
Proceeds from bond payable	-	-	-	-	12,054,800	12,054,800
Payments on bond payable	-	(481,541)	(481,541)	-	(267,866)	(267,866)
Cash received from leases receivables	-	162,652	162,652	-	157,666	157,666
Cash paid for subscription liability	-	(25,696)	(25,696)	-	(27,441)	(27,441)
Cash paid for lease liabilities	-	(103,572)	(103,572)	-	(126,325)	(126,325)
Net cash provided by (used in) financing activities	-	(448,157)	(448,157)	-	11,790,834	11,790,834
Net Change in Cash	102,962	(6,554,481)	(6,451,519)	99,927	3,781,763	3,881,690
Cash:						
Beginning of year	230,241	12,202,473	12,432,714	130,314	8,420,710	8,551,024
End of year	<u>\$ 333,203</u>	<u>\$ 5,647,992</u>	<u>\$ 5,981,195</u>	<u>\$ 230,241</u>	<u>\$ 12,202,473</u>	<u>\$ 12,432,714</u>
Cash Flows from Operating Activities:						
Changes in net position	\$ 96,966	\$ 1,023,534	\$ 1,120,500	\$ 68,273	\$ 1,118,775	\$ 1,187,048
Adjustments to reconcile changes in net position to net cash provided by operating activities:						
Unrealized gains	-	(198,061)	(198,061)	-	(176,319)	(176,319)
Depreciation	-	1,141,218	1,141,218	-	919,810	919,810
Amortization of right-to-use lease and subscription assets	-	144,659	144,659	-	163,565	163,565
Rental income - deferred inflows of resources	-	(165,679)	(165,679)	-	(165,679)	(165,679)
Changes in operating assets and liabilities:						
Accounts receivable	-	(75,212)	(75,212)	-	1,229,477	1,229,477
Prepaid expenses	-	(66,650)	(66,650)	-	(36,996)	(36,996)
Accrued expenses	-	221,955	221,955	-	531,178	531,178
Accounts payable	2	(2,622)	(2,620)	-	(199,975)	(199,975)
Due to (from) affiliate	5,994	(5,994)	-	31,654	(31,654)	-
Deferred revenue	-	4,048	4,048	-	4,407	4,407
Net cash provided by operating activities	<u>\$ 102,962</u>	<u>\$ 2,021,196</u>	<u>\$ 2,124,158</u>	<u>\$ 99,927</u>	<u>\$ 3,356,589</u>	<u>\$ 3,456,516</u>
Noncash Investing Activity:						
Purchases of capital assets in construction payables	<u>\$ -</u>	<u>\$ 593,190</u>	<u>\$ 593,190</u>	<u>\$ -</u>	<u>\$ 2,750,233</u>	<u>\$ 2,750,233</u>
Right-of-Use-Asset, net exchanged for lease liability	<u>\$ -</u>	<u>\$ 353,855</u>	<u>\$ 353,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
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Notes to Financial Statements
June 30, 2025 and 2024

1. ORGANIZATION AND OPERATIONS

On February 24, 2004, Advanced Math and Science Academy Charter School (the School) was granted its charter by the Commonwealth of Massachusetts (the Commonwealth) under Chapter 71, Section 89 of the General Laws of Massachusetts. The School's charter is subject to renewal every five years and has been renewed through June 30, 2030.

The School's primary purpose is to offer an academically rigorous education, emphasizing mathematics and science to students. The School is located in Marlborough, Massachusetts. The School operates as a middle and high school with grades 6 through 12. During the fiscal years 2025 and 2024, the School had 966 students. As a state-chartered organization, the School is not subject to Federal or state income taxes. Donors may deduct contributions made to the School within Internal Revenue Code (IRC) regulations.

Advanced Math and Science Academy Soaring Eagles Foundation, Inc. (the Foundation) was formed in April 2013 to support the School through fundraising and capital acquisition. During fiscal year 2025, the Foundation, which was formerly known as STEM Soaring Eagles Foundation, Inc. changed its name. The Foundation is an exempt organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the IRC. The School and the Foundation are collectively referred to as the Organization.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements were prepared on the accrual basis. Since the School is a quasi-public entity, its accounting policies and financial statement presentation are governed by standards issued by the Governmental Accounting Standards Board (GASB). The School follows GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 outlines financial reporting requirements for state and local governments. The School is considered a special purpose government organization that conducts only business-type activities within the meaning of GASB Statement No. 34 and, therefore, only has enterprise funds within its proprietary funds.

Consistent with the provisions of GASB Statement Nos. 14 and 39, as clarified by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* an amendment to GASB Statement Nos. 14 and 39, the Foundation is presented in the financial statements as a "blended" component unit of the School in the total enterprise fund column. All inter-agency transactions between the School and the Foundation have been eliminated.

Basis of Accounting

The accrual method of accounting is used for all governmental entities that operate as business-type entities. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively. Grants and contributions are recognized when all eligible requirements are met.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Organization has applied the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements, where applicable.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

Compensated Absences

During fiscal year 2025, the Organization implemented GASB Statement No. 101, *Compensated Absences* (GASB 101). This statement establishes a unified model for the recognition and measurement of compensated absences, such as vacation, sick leave and paid time off, by requiring recognition of a liability when the leave is attributable to services already rendered, the leave accumulates, and it is more-likely-than-not that the leave will be used or paid. The implementation of GASB 101 did not result in a material impact on the Organization's financial statements, and no restatement of prior periods was required.

Certain Risk Disclosures

The Organization implemented GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), for the fiscal year ended June 30, 2025. This standard requires disclosure of certain concentrations and constraints that expose the government to significant financial risk if specific events occur. Accordingly, the implementation of GASB 102 did not have a material impact on the financial statements for the fiscal year ended June 30, 2025.

Classification of Funds - Net Position

Unrestricted - represents the portion of expendable funds that are used to support the operations, including funds for which donor-imposed restrictions have been met in accordance with funding agreements.

Invested in Capital - represents the net book value of capital assets, cash - construction, right-to-use lease and subscription assets, and lease receivables, reduced by related debt, lease and subscription liabilities, and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets.

Restricted Program - includes all funds received or committed to fund specific programs or capital initiatives which have not yet been expended.

Revenue Recognition

Pupil tuition, program service fees and grants - government revenue are recorded as services are provided and costs are incurred. The Commonwealth of Massachusetts, Executive Office of Administration and Finance, calculates pupil tuition reimbursement which is paid to the School by the Massachusetts Department of Elementary and Secondary Education (DESE).

Unrestricted grants and contributions are recorded when they are received or unconditionally committed. Gifts of cash and other assets are recorded as restricted program funds if they are received or unconditionally committed with donor stipulations that limit the use of the donated assets. When a stipulated purpose restriction is accomplished, purpose restricted funds are reported in the statements of revenues, expenses and changes in net position as a transfer between funds. All other revenue is recorded when earned.

Deferred revenue at June 30, 2025 and 2024, represents student transportation, other program fees, and events income paid in advance.

Rental and lease interest income are recognized over the term of the lease.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

For the purposes of statements of cash flows, cash consists of cash - operating and cash - construction.

Cash - Construction

Cash - construction consists of cash drawn from the School's bond payable (see Note 11) that has not been utilized. These funds are restricted for construction-related costs and are shown as current assets in the accompanying statements of net position as the funds will be used during fiscal year 2026 for capital projects.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is based on management's collection experience with its funders. Amounts are charged off as uncollectible when management determines that the receivable will not be collected. There was no allowance for doubtful accounts deemed necessary as of June 30, 2025 and 2024.

Deferred Inflows of Resources

Deferred inflows of resources represent funds committed for future time periods which have not yet been recognized in accordance with GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Deferred inflows of resources relate to leases (see Note 6). Amounts will be recognized as revenue over the term of the related leases.

Capital Assets and Depreciation

Capital assets are recorded at cost, if purchased, or fair value at the time of donation (see Note 4). Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building	40 years
Furniture and equipment	3 - 6 years
Computers and software	3 - 5 years
Leasehold and building improvements	5 - 10 years or the life of the lease
Vehicles	7 years

Land is not depreciated.

The School purchases classroom supplies, which include textbooks, literature and other materials, to carry on educational activities. These purchases are expensed in the school year in which they are used.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization accounts for any lease (see Note 6) with a term greater than one year in accordance with GASB 87, *Leases* (GASB 87). Accordingly, the net present value of the estimated future minimum payments is reflected as a right-to-use lease asset and lease liability for the lessee and lease receivable and deferred inflows of resources for the lessor. The right-to-use lease assets (see Note 4) and deferred inflows of resources will be recognized on a straight-line basis over the lesser of the life of the asset or the remaining lease period.

The right-to-use lease assets and deferred inflows of resources are being amortized over the following estimated lives:

Facility	8 years
Copier	4.75 years
Technology	3 years

Subscription-Based Information Technology Arrangements

The Organization accounts for any subscription-based information technology arrangement with a term greater than one year in accordance with GASB 96, *Subscription-Based Information Technology*. Accordingly, the net present value of the estimated future minimum payments is reflected as a subscription asset which will be recognized on a straight-line basis over the remaining subscription period of three years (see Note 7).

Marketing and Advertising Costs

Costs related to marketing and advertising are expensed in the period incurred. Total advertising expenses were \$14,566 and \$11,252 for the years ended June 30, 2025 and 2024, respectively, and are included in office supplies and other in the accompanying statements of revenues, expenses and changes in net position.

In-Kind Transportation and Pension and In-Kind Goods

The School receives donated transportation from the City of Marlborough for certain students, as required by DESE. The value of these services is estimated by the City of Marlborough. The School also records its share of in-kind pension related to the Massachusetts Teachers' Retirement System (MTRS) (see Note 8).

In-kind transportation and pension consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
In-kind pension	\$ 1,835,246	\$ 2,184,510
In-kind transportation	<u>479,592</u>	<u>401,645</u>
	<u>\$ 2,314,838</u>	<u>\$ 2,586,155</u>

During fiscal year 2024, the School received donated supplies and science equipment of \$27,982, which is reflected as in-kind goods in the accompanying statements of revenues, expenses and changes in net position. The equipment was capitalized and will be depreciated over its expected useful life. There were no such donations received during fiscal year 2025.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Transportation and Pension and In-Kind Goods (Continued)

The Foundation receives donated services from a variety of volunteers. No amounts have been recorded in the accompanying financial statements, since the services do not meet the criteria for recording in accordance with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The Organization follows the accounting and disclosure standards pertaining to GASB No. 72, *Fair Value Measurement and Application*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organization's investment policy objectives are:

- To ensure safety and preservation of principal.
- To meet the Organization's liquidity needs.
- To optimize yields subject to the constraints of the policy.
- To diversify investments to minimize risk and concentrations of investments.

Investments may include a mix of U.S. Government obligations and money market funds.

The Organization records investments at fair value using Level 1 inputs. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on market value changes during the period. Investments are uninsured and are subject to ongoing market fluctuations. Approximately 99% of the investments are invested in U.S. Treasury Bills which are backed by the U.S. Government.

Subsequent Events

Subsequent events have been evaluated through October 14, 2025, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

3. INVESTMENTS

Investments, stated at fair value, consist of the following as of June 30:

	2025			
	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 4,452,054	\$ -	\$ -	\$ 4,452,054
Money market funds	<u>25,589</u>	<u>-</u>	<u>-</u>	<u>25,589</u>
Total investments	<u>\$ 4,477,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,477,643</u>
	2024			
	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 4,266,660	\$ -	\$ -	\$ 4,266,660
Money market funds	<u>12,922</u>	<u>-</u>	<u>-</u>	<u>12,922</u>
Total investments	<u>\$ 4,279,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,279,582</u>

Investments are classified as current assets in the accompanying statements of net position based on maturity dates and are backed by the full faith and credit of the United States government.

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4. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS

Changes in capital assets are as follows:

	Balance June 30, 2024	2025 Additions	2025 Transfers	Balance June 30, 2025
Cost:				
Land	\$ 3,965,100	\$ -	\$ -	\$ 3,965,100
Building	13,420,335	39,593	15,294,837	28,754,765
Furniture and equipment	1,443,901	127,794	28,262	1,599,957
Computers and software	2,547,380	174,483	-	2,721,863
Leasehold and building improvements	1,405,235	497,053	-	1,902,288
Vehicles	87,409	-	-	87,409
Construction in process	10,191,545	5,131,554	(15,323,099)	-
Total cost	<u>33,060,905</u>	<u>5,970,477</u>	<u>-</u>	<u>39,031,382</u>
Less - accumulated depreciation:				
Building	1,522,695	626,316	-	2,149,011
Furniture and equipment	1,320,219	70,362	-	1,390,581
Computers and software	1,971,634	340,596	-	2,312,230
Leasehold and building improvements	483,551	103,944	-	587,495
Vehicles	<u>87,409</u>	<u>-</u>	<u>-</u>	<u>87,409</u>
Total accumulated depreciation	<u>5,385,508</u>	<u>1,141,218</u>	<u>-</u>	<u>6,526,726</u>
Capital assets, net	<u>\$ 27,675,397</u>	<u>\$ 4,829,259</u>	<u>\$ -</u>	<u>\$ 32,504,656</u>
		Balance June 30, 2023	2024 Additions	Balance June 30, 2024
Cost:				
Land		\$ 3,965,100	\$ -	\$ 3,965,100
Building		13,420,335	-	13,420,335
Furniture and equipment		1,378,333	65,568	1,443,901
Computers and software		2,177,609	369,771	2,547,380
Leasehold and building improvements		675,812	729,423	1,405,235
Vehicles		87,409	-	87,409
Construction in process		<u>1,542,836</u>	<u>8,648,709</u>	<u>10,191,545</u>
Total cost		<u>23,247,434</u>	<u>9,813,471</u>	<u>33,060,905</u>
Less - accumulated depreciation:				
Building		1,088,058	434,637	1,522,695
Furniture and equipment		1,255,799	64,420	1,320,219
Computers and software		1,617,147	354,487	1,971,634
Leasehold and building improvements		417,285	66,266	483,551
Vehicles		<u>87,409</u>	<u>-</u>	<u>87,409</u>
Total accumulated depreciation		<u>4,465,698</u>	<u>919,810</u>	<u>5,385,508</u>
Capital assets, net		<u>\$ 18,781,736</u>	<u>\$ 8,893,661</u>	<u>\$ 27,675,397</u>

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4. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS (Continued)

Construction in process relates to the renovations of their new building. During the fiscal year 2025, the renovations were completed and transferred to building and furniture and equipment capital assets. Total construction in process amounted to \$15,323,099 as of the transfer date.

Changes in right-to-use lease assets are as follows:

	Balance June 30, 2024	2025 Additions	2025 Cancellations	Balance June 30, 2025
Right-to-use lease assets:				
Leased copier	\$ 443,317	\$ 436,089	\$ 443,317	\$ 436,089
Leased technology	<u>103,885</u>	<u>40,987</u>	<u>-</u>	<u>144,872</u>
Total right-to-use lease assets	547,202	477,076	443,317	580,961
Less - accumulated amortization	<u>383,875</u>	<u>109,053</u>	<u>320,096</u>	<u>172,832</u>
Right-to-use lease assets, net	<u>\$ 163,327</u>	<u>\$ 368,023</u>	<u>\$ 123,221</u>	<u>\$ 408,129</u>
		Balance June 30, 2023	2024 Additions	Balance June 30, 2024
Right-to-use lease assets:				
Leased copier		\$ 443,317	\$ -	\$ 443,317
Leased technology		<u>103,885</u>	<u>-</u>	<u>103,885</u>
Total right-to-use lease assets		547,202	-	547,202
Less - accumulated amortization		<u>255,916</u>	<u>127,959</u>	<u>383,875</u>
Right-to-use lease assets, net		<u>\$ 291,286</u>	<u>\$ (127,959)</u>	<u>\$ 163,327</u>

During the fiscal year, the School cancelled its existing lease agreement for a copier with an unrelated party. Concurrently, the School entered into a new lease agreement with the same lessor for a replacement copier. The termination of the original lease resulted in the derecognition of the related right-to-use asset and lease liability (see Note 6). The new lease was evaluated under GASB 87 and recorded as a separate lease arrangement. No material gain or loss was recognized upon termination of the original lease.

5. FUNDING

The School receives significant funding from DESE for its tuition revenue and grants - government. This creates a vulnerability to economic downturns. This funding is subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the School as of June 30, 2025 and 2024, or on its changes in net position for the years then ended. The School received approximately 95% and 96% of its operating revenue, net of in-kind transportation and pension, from the Commonwealth for the years ended June 30, 2025 and 2024, respectively.

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6. LEASES

Lessor Agreements

<u>Description</u>	<u>Date</u>	<u>Maturity Date</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Lease Receivable Balance at June 30, 2025</u>
Facility	May 1, 2019	April 1, 2029	Variable	2.91%	\$ 679,122
<u>Description</u>	<u>Date</u>	<u>Maturity Date</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Lease Receivable Balance at June 30, 2024</u>
Facility	May 1, 2019	April 1, 2029	Variable	2.91%	\$ 841,774

Lessor agreements are summarized as follows:

Facility

The Organization leases approximately 13,000 rentable square feet of 165 Forest Street in Marlborough, Massachusetts to an unrelated party. Annual principal and interest payments range from approximately \$184,000 to \$190,000 over the term of the lease. In addition to the annual payments, the unrelated party is required to pay its share of common area maintenance charges which may be adjusted annually in accordance with the lease agreement. Common area maintenance charges were \$20,293 and \$22,137 for fiscal years 2025 and 2024, respectively, and are included in rental income in the accompanying statements of revenues, expenses and changes in net position. Lease interest income was \$22,028 and \$28,922 for the years ended June 30, 2025 and 2024, respectively. Amortization of the deferred inflows of resources was \$165,679 for the years ended June 30, 2025 and 2024, and is included in rental income - deferred inflows of resources in the accompanying statements of revenues, expenses and changes in net position. Monthly amortization of the deferred inflows of resources is expected to be approximately \$14,000 through April 2029.

Future minimum receipts under the lessor agreement are as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2026	\$ 18,790	\$ 167,797
2027	\$ 13,483	\$ 173,632
2028	\$ 7,946	\$ 181,804
2029	\$ 2,236	\$ 155,889

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6. LEASES (Continued)

Lessee Agreements

<u>Description</u>	<u>Date</u>	<u>Maturity Date</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Lease Liability Balance at June 30, 2025</u>
Copier	December 31, 2024	December 31, 2029	\$ 97,596	6.57%	\$ 400,487
Technology	July 1, 2024	June 30, 2026	\$ 21,468	3.51%	<u>20,954</u>
					<u>\$ 421,441</u>
<u>Description</u>	<u>Date</u>	<u>Maturity Date</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Lease Liability Balance at June 30, 2024</u>
Copier	April 5, 2021	March 1, 2026	\$ 100,681	2.91%	<u>\$ 171,158</u>

Lessee agreements are summarized as follows:

Copier

The Organization leases a copier from an unrelated party. On December 31, 2024, the Organization cancelled its existing lease resulting in derecognition of the related right-to-use asset and lease liability. On the same date, the Organization entered a new lease with the same unrelated party (see Note 4). Total lease interest expense was \$11,682 and \$7,065 for the years ended June 30, 2025 and 2024, respectively. Amortization of the right-to-use lease asset was approximately \$95,000 and \$93,000 during fiscal years 2025 and 2024 and through the term of the lease.

Technology

The Organization leased equipment from an unrelated party. Effective July 1, 2024, the technology equipment lease was extended through June 30, 2026, at a total value of approximately \$41,000. Total lease interest expense was \$1,434 and \$564 for the years ended June 30, 2025 and 2024, respectively. Amortization of the right-to-use lease asset was approximately \$20,000 and \$35,000 during fiscal years 2025 and 2024 and through the term of the lease.

Future minimum payments under the lease agreements as of June 30, 2025, are as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2026	\$ 23,304	\$ 95,753
2027	\$ 18,006	\$ 79,585
2028	\$ 12,915	\$ 84,677
2029	\$ 7,498	\$ 90,093
2030	\$ 1,859	\$ 71,333

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6. LEASES (Continued)

Other Leases

During fiscal year 2025, the Organization rented gym space as a tenant-at-will. The Organization is billed on an hourly basis based on the amount of time the gym is used each day. Total rent paid under this agreement was \$503,245 and \$463,800 for the years ended June 30, 2025 and 2024, respectively, which is included in program expenses in the accompanying statements of revenues, expenses and changes in net position.

7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Organization has one subscription-based information technology arrangement that requires recognition under GASB 96. The arrangement is a three-year agreement which commenced during fiscal year 2023 and requires an annual payment of \$30,363 during fiscal years 2024 and 2025. The Organization used a 5.50% discount rate for this arrangement based on the incremental borrowing rate on the date the agreement was initiated. Interest expense as part of this agreement was \$1,413 and \$2,851 for fiscal years 2025 and 2024, respectively. The Organization has no option to extend this arrangement and there is no option to purchase the software.

Changes in the subscription asset for the Organization are as follows:

	Balance June 30, 2024	2025 Additions	Balance June 30, 2025
School data management software	\$ 106,820	\$ -	\$ 106,820
Less - accumulated amortization	<u>65,280</u>	<u>35,606</u>	<u>100,886</u>
Total subscription asset, net	<u>\$ 41,540</u>	<u>\$ (35,606)</u>	<u>\$ 5,934</u>
	Balance June 30, 2023	2024 Additions	Balance June 30, 2024
School data management software	\$ 106,820	\$ -	\$ 106,820
Less - accumulated amortization	<u>29,673</u>	<u>35,607</u>	<u>65,280</u>
Total subscription asset, net	<u>\$ 77,147</u>	<u>\$ (35,607)</u>	<u>\$ 41,540</u>

Future amortization under the agreement as of June 30, 2025, is \$5,934 for fiscal year 2026.

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8. RETIREMENT PLANS

The School's teaching staff and certain administrators participate individually in the MTRS. MTRS is managed by the Commonwealth. The School is not legally required to contribute to MTRS. All full-time teaching staff and administrators are covered by and must participate in MTRS. The teachers and the School are exempt from Federal Social Security taxes for these employees. Benefits vest fully after ten years of full-time employment. An employee may receive retirement benefits after twenty years of service or ten years of service having attained the age of 55. Covered employees are required by state statute to contribute 5% to 11% of their salaries, depending on their date of hire, and an additional 2% of their salary in excess of \$30,000 to the plan.

The School follows GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27 (GASB 27), which requires the School to recognize its proportionate share of pension expense and in-kind revenue, "on behalf of payments," related to MTRS, as reported by the Commonwealth. In accordance with GASB 68, the School's arrangement meets the definition of a special funding situation, whereby the School does not contribute to MTRS and the Commonwealth is required to make actuarially determined contributions to maintain the financial integrity of the retirement system. The School's proportionate share of MTRS's pension expense, as calculated under GASB 68, was \$1,835,246 and \$2,184,510 for the years ended June 30, 2025 and 2024, respectively, which is included in in-kind transportation and pension revenue and reflected as in-kind pension expense in the accompanying statements of revenues, expenses and changes in net position. The School's proportionate share of MTRS's net pension liability was \$22,234,196 and \$23,396,237 at the measurement dates selected by the Commonwealth of June 30, 2024 and 2023, respectively. In accordance with the special funding situation under GASB 68, these amounts have not been recorded in the accompanying financial statements.

The School also has two 403(b) retirement plans covering all eligible employees. Employees become eligible to participate upon date of hire. The Organization does not make contributions to these plans.

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are comprised of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Accrued salaries and benefits	72%	41%
Payables to vendors	<u>28</u>	<u>59</u>
	<u>100%</u>	<u>100%</u>

10. CONCENTRATION OF CREDIT RISK

The Organization maintains their cash balances in a credit union and a bank in Massachusetts. The National Credit Union Share Insurance Fund (NCUSIF) insures balances at each credit union up to \$250,000. The Massachusetts Credit Union Share Insurance Corporation insures all deposits in excess of \$250,000. Federal Deposit Insurance Corporation (FDIC) insures bank balances up to \$250,000 for interest bearing cash accounts. The Organization utilizes additional insurance through its bank to fully insure its cash balances. The Organization has not experienced any losses in such accounts. The Organization believes they are not exposed to any significant credit risk on their cash balances.

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10. CONCENTRATION OF CREDIT RISK (Continued)

As required by GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, the following represents a summary of deposits at June 30:

	<u>2025</u>		<u>2024</u>	
	<u>Foundation</u>	<u>School</u>	<u>Foundation</u>	<u>School</u>
Fully insured	\$ 333,203	\$ 5,607,478	\$ 230,241	\$ 12,201,305
Uninsured	-	40,514	-	1,168
	<u>\$ 333,203</u>	<u>\$ 5,647,992</u>	<u>\$ 230,241</u>	<u>\$ 12,202,473</u>

11. BOND PAYABLE

In October 2021, the Foundation, as guarantor, and the School jointly entered into an agreement with a bank in connection with the issuance of \$24,000,000 of Massachusetts Development Finance Agency (MDFA), Advanced Math and Science Academy Charter School Revenue Bonds, Series 2021 (Series 2021 Revenue Bond) by the School. Under the agreement, the School had access to \$24,000,000 of bond proceeds. The bond bears interest at the tax-exempt rate of 3.31% and matures on October 20, 2041 (the maturity date). Interest-only payments were due through November 2023, and monthly principal installments commenced in November 2023. Principal and interest payments of \$105,990 are due monthly, with a balloon payment due upon maturity. This bond is guaranteed by the Foundation and is secured by all assets of the School and the Foundation. The School and the Foundation have entered into an agreement with MDFA which shall guarantee repayment of \$3,448,000 of the loan. Interest expense on this note was \$787,794 and \$673,921 for the years ended June 30, 2025 and 2024, respectively. In the event of default, the outstanding principal and accrued interest will be declared due and payable. The School may prepay the outstanding balance at any time with no prepayment penalty. The outstanding principal balance as of June 30, 2025 and 2024, is \$23,250,597 and \$23,732,138, respectively.

Debt service requirements for the bond payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 498,166	\$ 772,504
2027	\$ 515,144	\$ 755,527
2028	\$ 530,671	\$ 739,999
2029	\$ 550,786	\$ 719,884
2030	\$ 569,557	\$ 701,113
2031 - 2035	\$ 3,150,515	\$ 3,202,837
2036 - 2040	\$ 3,724,149	\$ 2,629,203
2041 - 2042	\$ 13,711,609	\$ 612,754

The School is subject to certain covenants as specified in the bond agreement. The School was in compliance with the covenants at June 30, 2025 and 2024.

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12. PROFESSIONAL DEVELOPMENT

The School incurred expenditures for the purpose of providing professional development to staff and teachers. The School expended \$25,898 and \$72,259 for the years ended June 30, 2025 and 2024, respectively, which are included in staff development and recruitment in the accompanying statements of revenues, expenses and changes in net position.

13. RELATED PARTY TRANSACTIONS

During fiscal years 2025 and 2024, one member of the Board of Trustees also serves as a teacher of the School. The Foundation owed the School \$1,420 as of June 30, 2025. The School owed the Foundation \$4,574 as of June 30, 2024.

During the fiscal year 2025, the School paid \$4,615 to the spouse of a member of management for the purchase of a fundraising raffle item.

14. COLLECTIVE BARGAINING AGREEMENT

On August 24, 2024, the School has signed a collective bargaining agreement which will expire on August 23, 2027. Approximately 61% of the Organization's employees are covered under this agreement.

15. CUMULATIVE SURPLUS REVENUE

Effective July 1, 2010, any cumulative surplus revenue generated by the School must comply with M.G.L.c.71, Section 89 (as amended by Chapter 12 of the Acts of 2010 under Section 8 (hh)). In accordance with this legislation and subsequent DESE regulations, if the School's cumulative surplus revenue, as defined, exceeds 20% of its operating budget and its budgeted capital costs for the succeeding fiscal year, the amount in excess of said 20% shall be returned by the School to the sending district or districts and the state in proportion to their share of tuition paid during the fiscal year.

As of June 30, 2025 and 2024 the School's cumulative surplus revenue was less than 20%; however, the calculation is subject to DESE review and approval. Management does not anticipate any material change in the calculation.

16. RECLASSIFICATIONS

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

**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

To the Boards of Trustees of
Advanced Math and Science Academy Charter School and
Advanced Math and Science Academy Soaring Eagles Foundation, Inc.:

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 the business-type activities of Advanced Math and Science Academy Charter School (a Massachusetts charter school) (the School) and its blended component unit, Advanced Math and Science Academy Soaring Eagles Foundation, Inc. (formerly known as STEM Soaring Eagles Foundation, Inc.) (a Massachusetts corporation, not for profit) (the Foundation), (collectively, the Organization), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated October 14, 2025. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Westborough, Massachusetts
October 14, 2025

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Schedule of Findings and Recommendations
June 30, 2025

There were no current or prior year audit findings to report.

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