URBAN PATHWAYS
K-5 COLLEGE CHARTER SCHOOL

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2025

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Urban Pathways K-5 College Charter School
Pittsburgh, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Urban Pathways K-5 College Charter School (the School), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2025 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension information as listed in the table of contents 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.

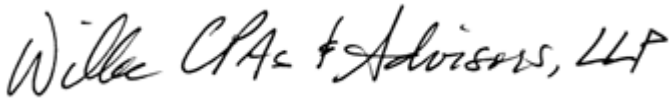
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2026 on our consideration of Urban Pathways K-5 College Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Urban Pathways K-5 College Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Urban Pathways K-5 College Charter School's internal control over financial reporting and compliance.



Wilke CPAs & Advisors LLP
Pittsburgh, Pennsylvania

June 2, 2026

The Board of Trustees of Urban Pathways K-5 College Charter School (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the School's financial statements and accompanying notes to the financial statements which are an integral part of the financial statements.

Financial Highlights

- The School's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources as of June 30, 2025 by $3,974,405 *(net position).*
- The government's total net position increased by $234,900 due entirely to an increase in the government-type activities net position.
- At the close of the current fiscal year, the School's governmental fund reported an ending fund balance of $7,276,438, with a net decrease of $226,056 in fund balance.
- The School's cash balance at June 30, 2025 was $5,489,668, representing an decrease of $808,337.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements, as presented, comprise three components: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. expenditures accrued in one year but paid in subsequent years and depreciation).

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School. The School's function is to provide an alternative educational opportunity.

Fund Financial Statements

A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental-type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has two fund types: the governmental general fund and the proprietary fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The governmental fund budgetary comparison schedule is required supplementary information presented for purposes of additional analysis and is prepared using a basis consistent with accounting principles generally accepted in the United States of America for state reporting requirements.

Government-Wide Financial Analysis

Management has adopted Governmental Accounting Standards Board (GASB) Statement 34 which requires a comparative analysis of current and prior periods.

	June 30, 2025	June 30, 2024
Current and other assets	$ 7,922,984	$ 8,361,745
Capital assets	4,630,739	5,155,648
Total Assets	12,553,723	13,517,393
Deferred outflows of resources	1,120,359	656,600
Current and other liabilities	646,546	859,251
Operating lease liability	4,319,616	4,945,217
Net pension and OPEB liability	3,752,300	3,148,101
Total liabilities	8,718,462	8,952,569
Deferred inflows of resources	981,215	1,481,919
Net investment in capital assets	472,495	347,967
Unrestricted	3,501,910	3,391,538
Total net position	$ 3,974,405	$ 3,739,505

Government-Wide Financial Analysis (Continued)

Total current and other assets decreased by $438,761, total assets decreased by $963,670 from the prior year due to cash and cash equivalents and capital assets decreasing. In addition, total liabilities decreased by $234,107 while total net position increased by $234,900.

The majority of the decrease in total liabilities relates to the School's proportionate share of the PSERS net pension liability which was recorded in accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and the maturity of the lease obligations for the year ended June 30, 2025. The deferred outflows of resources and deferred inflows of resources are also a result of recording the net pension liability in accordance with GASB 68. For additional information, see the notes to the financial statements.

The School's revenues are predominately received from the local area school districts based on the student enrollment. For the year ended June 30, 2025, the School's total revenues of $8,387,509 exceeded expenses of $8,152,609 by $234,900.

	June 30, 2025	June 30, 2024
Program Revenues		

	June 30, 2025	June 30, 2024

Program Revenues		
Local educational agency assistance	$ 7,534,829	$ 7,285,291
Federal sources	318,100	862,278
State sources	33,704	138,223
Food services	288,929	367,170
Other sources	211,947	165,590
Total revenues	8,387,509	8,818,552
Expenditures		
Instruction	3,763,016	2,910,930
Support services	3,891,461	3,644,672
Food service	387,585	318,984
Depreciation	110,547	99,443
Total expenditures	8,152,609	6,974,029
Change in net position	234,900	1,844,523
Net position, beginning	3,739,505	1,894,982
Net position, ending	$ 3,974,405	$ 3,739,505

Governmental Fund

The focus of the School's governmental fund is to provide information on the near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, total fund balance of the general fund was $7,276,438, of which $3,000,000 was committed by the Board, $1,000,000 was assigned and the remaining $3,276,438 was unassigned.

General Fund Budgetary Highlights

The actual revenues represent a decrease from budgeted revenues of $574,540, primarily due to decreases in enrollment. Actual expenditures were below budgeted expenditures by $221,944, due mainly to lower than expected instructional expenditures.

Capital Asset and Debt Administration

Capital Assets
As of June 30, 2025, the School's investment in capital assets for its governmental activities totaled $472,495 (net of accumulated depreciation). The investment in capital assets includes equipment, leasehold improvements, furniture and software.

Major capital asset purchases during the year totaled $235,075 for technology equipment, furniture, and leasehold improvements. Additional information on the School's capital assets can be found in Note E of this report.

Long-Term Debt
The School does not have any long-term debt other than its net liabilities recognized under GASB 68 and 75 and its operating lease liability.

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue, the per student subsidy provided by the local area school districts, will remain consistent for the fiscal year 2024-2025, due primarily to level enrollment and level per student subsidy. A majority of the School's students are from the City of Pittsburgh. The population also includes students from other districts and the subsidies from these districts can be considerably less than the City of Pittsburgh. Tuition is determined by the Pennsylvania Department of Education Form 363 which is calculated from the expenditures of the student's resident school district.

Future Events that will Financially Impact the School

Except as listed above, there are no known future events that will financially impact the School.

Contacting the School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to:

Attn: Principal
Urban Pathways K-5 College Charter School
925 Penn Avenue
Pittsburgh, PA 15222
(412) 392-4601

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS		
Current Assets		
Cash and cash equivalents	$	5,489,668
Local school districts receivable		1,796,556
State subsidies receiveable		66,119
Federal subsidies receivable		392,088
Prepaid expenses		178,553
Total current assets		7,922,984
Capital assets:		
Capital assets net of accumulated depreciation		472,495
Other assets:		
Operating lease right of use asset, net of amortization		4,158,244
Total assets		12,553,723
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		1,094,763
Deferred outflows related to OPEB		25,596
Total deferred outflows of resources		1,120,359
LIABILITIES		
Current Liabilities		
Accounts payable		225,475
Accrued liabilities		420,934
Deferred grant revenues		137
Total current liabilities		646,546
Long-term liabilities:		
Net pension liability		3,599,525
Net OPEB liability		152,775
Operating lease liability		4,319,616
Total long-term liabilities		8,071,916
Total liabilities		8,718,462
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		881,594
Deferred inflows related to OPEB		99,621
Total deferred inflows of resources		981,215
NET POSITION		
Net investment in capital assets		472,495
Unrestricted		3,501,910
Total net position	$	3,974,405

See accompanying notes to the financial statements.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: Governmental Activities	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: Business-Type Activities	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: Total
Primary Government:						
Governmental Activities:						
Instruction	$ 3,763,016	$ 3,704,196	$ 172,950	$ 114,130	$ -	$ 114,130
Support services	3,891,461	3,830,633	178,854	118,026	-	118,026
Depreciation	110,547	-	-	(110,547)	-	(110,547)
Total governmental activities	7,765,024	7,534,829	351,804	121,609	-	121,609
Business-Type Activities:						
Food service	387,585	-	288,929	-	(98,656)	(98,656)
TOTAL PRIMARY GOVERNMENT	$ 8,152,609	$ 7,534,829	$ 640,733	121,609	(98,656)	22,953
General revenues:						
Contributions and other income				211,947	-	211,947
Loss before interfund transfers				333,556	(98,656)	234,900
Interfund transfers in (out):				(98,656)	98,656	-
Change in net position				234,900	-	234,900
Net position - beginning				3,739,505	-	3,739,505
Net position - ending				$ 3,974,405	$ -	$ 3,974,405

See accompanying notes to the financial statements.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025

ASSETS	**General Fund**
Cash and cash equivalents	$ 5,489,668
Local school districts receivable	1,796,556
State subsidies receivable	66,119
Federal subsidies receivable	392,088
Prepaid expenses	178,553
Total Assets	$ 7,922,984
LIABILITIES	
Liabilities:	
Accounts payable	$ 225,475
Accrued liabilities	420,934
Due to other government	137
Total Liabilities	646,546
Fund Balance:	
Committed	3,000,000
Assigned	1,000,000
Unassigned	3,276,438
Total fund balance	7,276,438
TOTAL LIABILITIESAND FUND BALANCE	$ 7,922,984

See accompanying notes to the financial statements.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL FUND BALANCE FOR THE GOVERNMENTAL FUND		$ 7,276,438
Total net position reported for governmental activites in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund. Those assets consist of:		
Furniture and equipment	1,348,674	
Leasehold improvements	540,280	
Accumulated depreciation	(1,416,459)	
		472,495
Operating right of use asset	6,613,851	
Accumulated amortization	(2,455,607)	
		4,158,244
Long-term liabilities that pertain to governmental funds, including capital leases, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year end are:		
Net pension liability		(3,599,525)
Net OPEB liability		(152,775)
Operating lease liability		(4,319,616)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred inflows related to pensions and OPEB	(981,215)	
Deferred outflows related to pensions and OPEB	1,120,359	
		139,144
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 3,974,405

See accompanying notes to the financial statements.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund
REVENUES	
Local educational agency assistance	$ 7,534,829
Federal sources	318,100
State sources	33,704
Other sources	211,947
Total revenues	8,098,580
EXPENDITURES	
Instruction	3,940,125
Support services	4,050,780
Capital outlays	235,075
Total expenditures	8,225,980
Excess of revenues over expenditures	(127,400)
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	(98,656)
Net change in fund balance	(226,056)
Fund balance - beginning	7,502,494
FUND BALANCE - ENDING	$ 7,276,438

See accompanying notes to the financial statements.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balance - total governmental fund		$ (226,056)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Following is the amount by which depreciation exceeds capital outlays in the current period:		
Capital outlays	235,075	
Depreciation expense	(110,547)	
		124,528
Pension expense is reported in governmental funds as an expenditure when payments are made or are due and payable. However, in the Statement of Activities, pension expense is recorded based on changes in the net pension liability.		
Change in net pension liability equity		369,246
OPEB benefits expense is reported in governmental funds as an expenditure when payments are made or are due an payable. However, in the Statement of Activities, benefits expenses are recorded based on changes in the net pension liability.		
Change in net OPEB liability equity		(8,982)
Lease amortization reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Provision for amortization costs associated with leases		(23,836)
Change in net position of governmental activities		$ 234,900

See accompanying notes to the financial statements.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Food Service Fund
Operating expenses:	
Purchased food services	$ 387,585
Operating loss	(387,585)
Nonoperating revenues:	
Federal sources	279,810
State sources	9,119
Total nonoperating revenues:	288,929
Income before interfund transfers	(98,656)
Interfund transfers	98,656
Change in net position	-
Total net position, beginning	-
Total net position, ending	$ -

See accompanying notes to the financial statements.

NOTE A – BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Urban Pathways K-5 College Charter School (the School) is a nonprofit organization in Pennsylvania operating a charter school in accordance with Pennsylvania Act 22 of 1997, whereby a charter is granted for a five-year period and may be renewed for an additional five-year period upon expiration. The charter is renewed through the school year 2026/2027. The mission of the School is to provide students from kindergarten through fifth grades with an individualized educational experience to ensure a rich and fair elementary education. The School is located in Pittsburgh, Pennsylvania.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity:
The School has implemented Governmental Accounting Standards Board (GASB) Statement Number 39; *Determining Whether Certain Organizations are Component Units.* This Statement amends GASB Statement No. 14, *The Financial Reporting Entity* to provide additional guidance to determine whether certain organizations should be reported as component units based on the nature and significance of their relationship with the School.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and any component unit if required. The criterion for inclusion of a component unit is if the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, it has been determined that the School (the primary government) has no potential component units to be included in its financial reporting entity.

Basis of Presentation
The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The most significant of the School's accounting policies are described below.

NOTE A – BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements:
The government-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues. These statements include the financial activities of the primary government.

The fund financial statements (governmental fund balance sheet and statement of governmental fund revenues, expenditures and changes in fund balance) report on the School's general fund and proprietary fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

Government-Wide Financial Statements
The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 90 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures (cash outlays), as well as expenditures related to absences and claims, are recorded only when payment is due.

The School reports the following major governmental fund:

- *General Fund* - The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School.

The School reports the following proprietary fund:

- *Food Service Fund* – An enterprise fund is required to be used to account for operations for which a fee is charged to external users for goods and services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

NOTE A – BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued):
Fund Financial Statements (continued)
Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating expenses for the enterprise fund include the cost of sales and services and administrative expenses. Amounts reported as nonoperating revenues include a per-student subsidy from local school districts as well as federal and state grants. Internally dedicated resources are reported as general revenues rather than as program revenues.

Net Position
The School has adopted the provision of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 63 establishes a new statement of net position format that reports separately all assets, deferred outflows or resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). Statement No. 63 requires the classification of net position into three components – net investment in capital assets; restricted, and unrestricted.

These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted -This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted -This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance Classification Policies and Procedures
The School follows the provisions of GASB Statement No. 54 *Fund Balances* which requires the classification of the School's fund balance into five components: nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as follows:

- Nonspendable – This category is for amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to remain intact.

NOTE A – BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification Policies and Procedures (continued)

- Restricted – This category is the part of the fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by enabling legislation.

- Committed – This category is the portion of the fund balance that can only be used for specific purposes as a result of formal action by the School's highest level of authority.

- Assigned – This category reflects funds that the School intends to use for a specific purpose but are not considered restricted or committed.

- Unassigned – This category represents the part of the fund balance that has not been categorized as nonspendable, restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed for the included program.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget is adopted for the General Fund which has been approved by the Board of Trustees.

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period. The School only has a general fund budget; therefore, the original budget filed and accepted by the Pennsylvania Department of Education is the final budget as well.

Use of Estimates

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

NOTE A – BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less.

Prepaid Expenses
Prepaid expenses include payments to vendors for services applicable to future accounting periods such as rental payments and insurance premiums.

Receivables
Receivables as of June 30, 2025 consist primarily of subsidies from federal, state, and local authorities. All receivables are considered collectible due to the stable nature of these programs.

Capital Assets
Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets; leasehold improvements (5 - 40 years) and furniture and equipment (3 – 10 years).

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows and outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or an expenditure until then. The School has two items that meet the criterion for this category – deferred outflows related to pensions and deferred outflows related to benefits. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has two items that meet the criterion for this category – deferred inflows related to pensions and deferred inflows related to benefits.

Advertising Costs:
All costs associated with advertising and promotions are recorded as expenditures in the year incurred.

NOTE A – BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status:
The School is exempt from federal income taxes under Section 50l(c)(3) of the Internal Revenue Service Code. The School has adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes.* Management evaluated the School's tax positions and concluded that the School has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The School files a Return of Organizations Exempt from Income Tax annually. The School's returns prior to 2022 are no longer subject to examination by the Internal Revenue Service. The only open tax year is for the year ended June 30, 2025.

Compensated Absences:
The School's policies regarding compensated absences are included in various policies. There is no payment for any accumulation of other days upon retirement or termination from service. There were no accrued compensated absences recorded as of June 30, 2025. The School expenses these absences as paid. If the benefits were accrued as earned it would not have a material effect on the financial statements.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE B – CUSTODIAL RISK OF DEPOSITS

The School deposit policy conforms to state statutes and best business practices. No deposit transactions occurred during the year ended June 30, 2025 that were in violation of the School's policies.

Custodial credit risk is the risk that in the event of a bank failure, deposits in excess of the Federal Deposit Insurance Corporation's insured limit might not be returned to the School. The School does not have a formal deposit policy for custodial credit risk. As of June 30, 2025, $1,360,944 of the School's cash was exposed to custodial credit risk.

NOTE C – RECEIVABLES

Receivables as of June 30, 2025, consisted of subsidies and fees from federal, state, local and other sources. All receivables are considered collectible due to the stable condition of the federal, state, and local programs. A summary of receivables is as follows:

	Governmental Activities	Business-Type Activities
Local	$ 1,796,556	$ -
Federal	392,088	-
State	66,119	-
	$ 2,254,763	$ -

NOTE D – LOCAL EDUCATIONAL AGENCY ASSISTANCE (REVENUE)

The School received funding from the Pittsburgh School District and various other Districts throughout western Pennsylvania, on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

Charter schools are funded by local public school districts. The non-special education students, a charter school received for each student enrolled, no less than the budgeted total expenditure per average daily membership of the prior school year as defined by the Act. Additional funding is received for special education students. The annual rate is paid monthly and is prorated if a student enters or leaves during the year. Total revenue from student enrollment was $7,534,829 for the year ended June 30, 2025, which includes tuition adjustments from prior years.

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance 7/1/2024	Additions	Disposals	Balance 6/30/2025
Furniture and equipment	$ 1,130,688	$ 217,986	$ -	$ 1,348,674
Leasehold improvements	523,191	17,089	-	540,280
	1,653,879	235,075	-	1,888,954
Accumulated depreciation	(1,305,912)	(110,547)	-	(1,416,459)
	$ 347,967	$ 124,528	$ -	$ 472,495

For the year ended June 30, 2025, depreciation expense was $110,547 for the School, all of which was for Governmental Activities.

NOTE F – RETIREMENT PLAN

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after June 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

NOTE F – RETIREMENT PLAN (CONTINUED)

Contributions

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The School's contractually required contribution for the fiscal year ended June 30, 2025 was 34.00% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE G – PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION

At June 30, 2025, the School reported a liability of $3,599,525 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School's proportion was 0.0086 percent, which was an increase of 0.0018 percent from its proportion measured as of June 30, 2023.

NOTE G – PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)

For the year ended June 30, 2025, the School recognized pension expense of $443,596. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 56,594
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	56,587	-
Changes in proportion	583,000	825,000
Contributions subsequent to the measurement date	452,176	-
	$ 1,091,763	$ 881,594

$452,176 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	$ (43,000)
2027	210,000
2028	(12,000)
Thereafter	-
	$ 155,000

NOTE G – PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward the System's total pension liability at June 30, 2023 to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary increases – Effective average of 4.50%, which reflects an allowance for inflation of 2.50% and 2.00% for real wages growth and for merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 20, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
    - Salary growth rate - decreased from 5.00% to 4.50%
    - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
    - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

NOTE G – PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global public equity	30.0 %	4.8 %
Private equity	12.0 %	6.7 %
Fixed income	33.5 %	3.9 %
Commodities	5.0 %	2.5 %
Infrastructure	10.0 %	6.4 %
Real estate	9.5 %	5.9 %
	100.0 %	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2025.

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE G – PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	Dollar Amounts in Thousands		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Retirement System net pension liability	$ 55,135,720	$ 41,854,943	$ 30,640,267

Pension fund fiduciary net position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at wwww.psers.pa.gov.

NOTE H – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2025 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and

NOTE H – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (CONTINUED)

Pension Plan description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2025 there were no assumed future benefit increases to participating eligible retirees.

Employer contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE I – OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2025, the District reported a liability of $152,775 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0086 percent, which was an increase of from 0.0018 percent from its proportion measured as of June 30, 2023.

NOTE I – OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

For the year ended June 30, 2025 the District recognized OPEB expense of $8,580. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expencted and actual experience	$ 580	$ 2,293
Changes in assumptions	9,312	23,328
Net differemce betweeen projected and actual investment earnings	161	-
Changes in proportion	6,964	74,000
Contributions subsequent to the measurement date	8,580	-
	$ 25,597	$ 99,621

Actuarial Assumptions:

The Total OPEB Liability as of June 30, 2024, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2023
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  1. Eligible retirees will elect to participate Pre age 65 at 50%
  2. Eligible retirees will elect to participate Post age 65 at 70%

NOTE I – OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

Actuarial assumptions (continued):
The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

Discount Rate:
The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.

The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% which represents the S&P 20 year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the Total OPEB Liability.

Investment allocation:
Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0 %	1.7 %
	100.0 %	

NOTE I – OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

Sensitivity of the School's net OPEB liability:

The following presents the School's net OPEB liability for June 30, 2024, calculated using the discount rate of 4.21%, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
School's Propportionate share of the net OPEB liability	$ 172,590	$ 152,775	$ 136,182

NOTE J – 403B RETIREMENT CONTRIBUTION PLAN

Eligible employees of Urban Pathways K-5 College Charter School are covered by a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. This retirement plan provides for salary deferrals pursuant to section 403(b) of the Internal Revenue Code. The Plan covers all full-time employees who are not participating in the PSERS Retirement Plan. Employees can contribute the maximum permitted each year by law as pre-tax salary deferrals, but must contribute at least 5% of their salary. The School contributes 10% of employee compensation for each participating employee who is making the mandatory 5% contribution. Alternative 403(b) retirement plan contributions made by the School for the year ended June 30, 2025 were $152,775.

NOTE K – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage for the year ended June 30, 2025.

NOTE L– LITIGATION

The School is, from time to time, involved in claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, at this time, the ultimate resolution of these matters will not have an adverse material effect on the financial position of the School therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE M – GRANTS

The School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE N – LEASING ACTIVITIES

In June 2017, the GASB issued Statement No. 87, *Leases*. The principle of Statement No. 87 is that an entity should recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing transactions.

The School has elected to apply the short-term lease exception to all leases with a term of one year or less.

The School has entered into various written agreements to lease campus facilities. The School leases campus facilities located in Pittsburgh, Pennsylvania from unrelated third parties. The lease terms expire in August, 2031. Certain operating leases provide for renewal options at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by new leases.

As of June 30, 2025, the right-of-use (ROU) asset has a balance of $4,158,244 as shown in other assets on the balance sheet; the lease liability of $4,319,616 is included in liabilities. The lease asset and liability were calculated utilizing the risk-free discount rate (1.035%), according to the School's elected policy. The weighted average remaining lease term as of June 30, 2025 was approximately 6.17 years.

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The maturities of operating lease liabilities as of June 30, 2025 were as follows:

Year Ended June 30,	Amount
2026	$ 687,334
2027	701,132
2028	715,210
2029	729,584
2030	744,248
Thereafter	886,151
Total lease payments	4,463,659
Less: interest	(144,043)
Present value of operating lease liability	$ 4,319,916

NOTE O – SUBSEQUENT EVENTS

Management has evaluated subsequent events and determined that there are no subsequent events, as of the date of the independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
GOVERNMENTAL FUND BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local educational agency assistance	$ 8,011,355	$ 7,534,829	$ (476,526)
Federal sources	621,240	318,100	(303,140)
State sources	40,525	33,704	(6,821)
Other sources	-	211,947	211,947
Total revenues	8,673,120	8,098,580	(574,540)
Expenditures:			
Instruction	3,247,532	3,940,125	692,593
Support services	4,867,892	4,050,780	(817,112)
Noninstructional services	332,500	-	(332,500)
Capital outlay	-	235,075	235,075
Total expenditures	8,447,924	8,225,980	(221,944)
Other financing sources (uses):			
Transfer (to) from other funds	-	(98,656)	(98,656)
Net change in fund balance	225,196	(226,056)	(451,252)
Fund balance - beginning	7,502,494	7,502,494	-
Fund balance - ending	$ 7,727,690	$ 7,276,438	$ (451,252)

See accompanying notes to the financial statements and independent auditor's report.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS
YEAR ENDED JUNE 30, 2025

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
School's proportion of the net pension liability	0.0086%	0.0068%	0.0098%	0.0112%	0.0110%	0.0136%	0.0139%	0.0133%
School's proportionate share of the net pension liability	$3,599,525	$3,025,074	$4,356,955	$4,598,354	$5,130,214	$6,362,435	$6,672,690	$6,568,658
School's covered-employee payroll	$1,429,353	$1,442,192	$2,210,421	$1,603,156	$1,682,809	$1,876,005	$1,876,603	$1,770,819
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.83%	209.76%	197.11%	286.83%	304.86%	339.15%	355.57%	370.94%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%

See accompanying notes to the financial statements and independent auditor's report.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
SCHEDULE OF REQUIRED PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2025

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Contractually required contribution	$ 472,973	$ 494,816	$ 317,602	$ 462,000	$ 580,737	$ 643,282	$ 627,348	$ 576,756
Contributions in relation to the contractually required contribution	443,596	483,818	342,877	462,305	578,975	570,634	629,251	666,804
Contribution deficiency (excess)	$ 29,377	$ 10,998	$ (25,275)	$ (305)	$ 1,762	$ 72,648	$ (1,903)	$ (90,048)
School's covered-employee payroll	$ 1,429,353	$ 1,442,192	$ 934,397	$ 1,603,156	$ 1,682,809	$ 1,876,005	$ 1,876,603	$ 1,770,819
Contributions as a percentage of covered-employee payroll	33.09%	34.31%	33.99%	28.82%	34.51%	34.29%	33.43%	32.57%

^ WP 57010, cell E78

*This schedule is presented to illustrate the requirement to show information for 8 years.

See accompanying notes to the financial statements and independent auditor's report.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
YEAR ENDED JUNE 30, 2025

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
School's proportion of the net OPEB liability	0.0086%	0.0068%	0.0099%	0.0112%	0.0110%	0.0136%	0.0139%	0.0133%
School's proportionate share of the net OPEB liability	$ 152,775	$ 123,027	$ 182,236	$ 265,449	$ 286,078	$ 318,921	$ 319,023	$ 301,039
School's covered-employee payroll	$ 1,429,353	$ 1,442,192	$ 934,397	$ 1,603,156	$ 1,682,809	$ 1,876,005	$ 1,876,603	$ 1,770,819
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.69%	8.53%	19.50%	16.56%	17.00%	17.00%	17.00%	17.00%
Plan fiduciary net position as a position of the total pension liability	7.13%	7.22%	6.86%	5.73%	5.73%	5.73%	5.73%	5.73%

*This schedule is presented to illustrate the requirement to show information for 8 years.

See accompanying notes to the financial statements and independent auditor's report.

URBAN PATHWAYS K-5 COLLEGE CHARTER SCHOOL
SCHEDULE OF REQUIRED OPEB CONTRIBUTIONS
YEAR ENDED JUNE 30, 2025

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Contractually required contribution	$ 9,148	$ 10,816	$ 7,475	$ 11,000	$ 15,000	$ 31,000	$ 30,000	$ 25,000
Contributions in relation to the contractually required contribution	8,580	11,125	8,070	10,935	15,322	31,055	29,736	25,677
Contribution deficiency (excess)	$ 568	$ (309)	$ (595)	$ 65	$ (322)	$ (55)	$ 264	$ (677)
School's covered-employee payroll	$ 1,429,353	$ 1,442,192	$ 934,397	$ 1,603,156	$ 1,682,809	$ 1,876,005	$ 1,876,603	$ 1,770,819
Contributions as a percentage of covered-employee payroll	0.64%	0.75%	0.80%	0.69%	0.89%	1.65%	1.60%	1.41%

*This schedule is presented to illustrate the requirement to show information for 8 years.