American Dream Charter School

ADCS Board of Trustees Monthly Meeting

SY26-27

Published on October 26, 2026 at 5:15 PM EDT

Date and Time

Monday October 26, 2026 at 5:30 PM EDT

Location

Join Zoom Meeting
https://us02web.zoom.us/j/3880187236

Meeting ID: 892 3909 4103

Agenda

		Purpose	Presenter	Time
I.	**Opening Items**			**5:30 PM**
A.	Record Attendance Guests: Dr. Melissa melkonian - Founder & E.D. Nicholas Gallagher - Chief of Staff Gim Li - Lipsky Goodkin & Co. P.C. Gary - Lipsky Goodkin & Co. P.C. Digant Bahl - ASNY			1 m

		Purpose	Presenter	Time
	Andy Liu - ASNY			
B.	Call the Meeting to Order			
C.	Approve Minutes	Approve Minutes		1 m
II.	**Educational Success**			**5:32 PM**
A.	Benchmark 1: Student Performance	FYI	Nicholas Gallagher	3 m
B.	Benchmark 2: Teaching and Learning	Discuss	Melissa Melkonian	5 m
C.	BENCHMARK 3: Culture, Climate, and Student and Family Engagement		Melissa Melkonian	5 m
	Important Upcoming Dates: • Hispanic Heritage Month Events/Activities			
III.	**Organizational Soundness**			**5:45 PM**
A.	BENCHMARK 4: Financial Condition		Nicholas Gallagher	5 m
	• **Account balances**			
B.	BENCHMARK 5: Financial Management	Discuss	Nicholas Gallagher	5 m
	Audit Review w/ Guests Gim Li and Gary Aaronson with our firm Lipsky Goodkin & Co. P.C. **Financial Report** • For the Period Ending September 30, 2026			
C.	BENCHMARK 6: Board Oversight and Governance:	Vote	Nicholas Gallagher	5 m
D.	BENCHMARK 7: Organizational Capacity	FYI	Nicholas Gallagher	5 m
IV.	**Faithfulness to Charter & Law**			**6:05 PM**
A.	BENCHMARK 8: Mission and Key Design Elements			5 m

		Purpose	Presenter	Time
B.	BENCHMARK 9: Enrollment, Recruitment, and Retention **Current Enrollment: 542 Total** • 6th - 52 (was 53) • 7th - 74 (was 73) • 8th - 90 (was 86) • 9th - 88 (was 90) • 10th - 70 • 11th - 85 (was 86) • 12th - 83	FYI	Nicholas Gallagher	3 m
C.	BENCHMARK 10: Legal Compliance	FYI	Nicholas Gallagher	5 m

V. Other Business

VI. Closing Items

A.	Adjourn Meeting	Vote

Coversheet

BENCHMARK 4: Financial Condition

Section: III. Organizational Soundness
Item: A. BENCHMARK 4: Financial Condition
Purpose:
Submitted by:
Related Material: ADCS Financial Report at 09-30-2026.pdf

The American Dream School
Live the Dream

Financial Report
For the Period Ending September 30, 2026
Fiscal Year 2026-27
with Fiscal Year Ended June 30, 2026 Comparison

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Financial Report for the Period Ending September 30, 2026 (Narrative).

Statements of Financial Position (Balance Sheets) at September 30, 2026 (Unaudited) and June 30, 2026 (Unaudited).

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Detailed Statements of Revenue, Support and Expenses at September 30, 2026 (Unaudited) and June 30, 2026 (Unaudited)

Cash Flow Projection for the Period October 1, 2026 to December 31, 2026

The American Dream School

Notes to Financial Report

For the Period Ending September 30, 2026

Unencumbered Cash		
Total Cash and Equivalents	**$ 7,610,936**	**[a]**
Encumbrances to Cash		
Restrictions:		
Escrow	100,970	
Unearned Revenue (Advances Received but not Earned)	1,243,641	
	1,344,611	**[b]**
Current Obligations:		
Accounts Payable and Accrued Expenses	524,727	**[c]**
Total Cash Encumbrances	**1,869,339**	**[d] {[b] + [c]}**
Unencumbered Cash Balance	**$ 5,741,598**	**[a] - [d]**

Days of Cash on Hand	
Total Fiscal Year 2026-27 Projected Cash Expenditures (excludes Depreciation and Deferred Rent; include Escrow addition and Capital Expenditures)	$ 15,548,932
Average Daily ***Cash*** Expenses (*Total Projected Expenses ÷ 365*)	$ 42,600
Total Cash Available for Operating Use (*Total Cash - Escrow - Board Reserve*)	$ 7,509,966
Number of Days of Unrestricted Cash Available (*Total Cash Available ÷ Average Daily Expenses*)	**176**

Enrollment as Reported on Invoice # 2 to the DOE

General Education (GenEd):

- Enrollment at September 30, 2026 totaled ***537.000*** which is ***100%*** of the School's Fiscal Year 2026-27 estimate of 535.
- Middle School enrollment was ***201.000*** or ***101%*** of the Fiscal Year 2026-27 budget estimate of 200 students.
- High School enrollment was ***336.000*** or ***100%*** of the Fiscal Year 2026-27 budget estimate of 335 students.

Special Education:

- Special Ed enrollment totaled ***104.670*** of which ***14.290*** students were in the 20%-60% and ***81.480*** in the >60% Categories.
- Total Middle School enrollment was ***48.160*** of which ***9.320*** students were in the 20%-60% and ***33.210*** in the >60% Categories.
- Total High School enrollment was ***56.510*** of which ***4.970*** students were in the 20%-60% and ***48.270*** in the >60% Categories.

The American Dream School

Notes to Financial Report

For the Period Ending September 30, 2026

Revenue and Support						
Year-to-date, revenue from all sources total	$ 3,670,732	or	24%	of the forecasted total of	$ 15,582,449	
Tuition:						
• Tuition revenue (GenEd + SpEd) totals	$ 3,190,385	or	25%	of the full year's forecast of	$ 12,737,316	
• General Education revenue totals	$ 2,767,809	or	25%	of the full year's forecast of	$ 11,053,635	
• Special Education revenue totals	$ 422,576	or	25%	of the full year's forecast of	$ 1,683,681	
Lease Assistance:						
• DOE Lease assistance currently totals	$ 154,784	or	10%	of the full year's forecast of	$ 1,547,843	
Title and Other Government Grants:						
• Government revenue earned totals	$ 80,236	comprised of the following:				
• $ - in IDEA Special Needs funding has been received to date.						
• $ 73,462 in Title I, II and IV funding have been earned but not received to date.						
• $ - in ESSER Grant funding has been earned but not received to date.						
Local and Other Revenue:						
• Contributions & Donations currently total	$ 199,122					
• Interest and other income at totals	$ 35,201					
• eRate reimbursements currently totals	$ 11,004					
Expenses						
Salaries and Wages:						
• Salaries and wages total	$ 1,749,995	or	19%	of the full year's budget of	$ 9,077,537	
The year-to-date numbers and forecast include rrecent adjustments						
Payroll Taxes and Fringe Benefits:						
• Payroll taxes and fringe benefits total	$ 423,976	or	23%	of the full year's budget of	$ 1,815,507	
Contracted Services:						
• Contracted services total	$ 133,404	or	20%	of the full year's budget of	$ 676,796	
Included in this category are accounting, audit, legal, temporary staff, academic consultants and other professionals.						
School Operations:						
• School operating costs currently total	$ 578,209	or	28%	of the full year's budget of	$ 2,063,205	
Facility Operations:						
• Facility related costs total	$ 535,279	or	28%	of the full year's budget of	$ 1,915,887	

Net Operating Position	
• The School's net operating position at September 30, 2026 before GAAP adjustments was a surplus of:	$ 249,870
• The School's net operating position at September 30, 2026, inclusive of GAAP adjustments totaling	$ (51,971)
is a ***surplus*** of	$ 197,899

The American Dream School

Statements of Financial Position

At Period Ending September 30, 2026 and Fiscal Year Ended June 30, 2026

	[Unaudited] 9/30/2026	[Unaudited] 6/30/2026
ASSETS		
Current Assets:		
Cash and cash equivalents (Unrestricted)	$ 7,509,966	$ 6,663,317
Cash and cash equivalents (Restricted)	100,970	99,968
Cash and cash equivalents (Board Designated CDs)	-	-
Receivables	746,913	903,793
	8,357,849	**7,667,078**
Other Assets:		
Prepaid Expenses and other receivables	169,404	182,112
Fixed Assets (Net)	224,440	288,424
Right-of-use assets - operating leases	27,834,611	28,062,630
Security Deposit	466,598	422,086
	28,695,054	**28,955,252**
TOTAL ASSETS	**$ 37,052,903**	**$ 36,622,330**
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities:		
Accounts Payable and Other Liabilities	$ 94,292	$ 222,035
Accrued Salaries and Related Expenses	397,495	1,090,947
Accrued Expenses	32,940	74,965
Current portion of lease obligations - operating leases	582,461	569,218
Deferred Revenue	1,243,641	19,847
	2,350,830	**1,977,011**
Long-Term Liabilities:		
Long-term lease obligations - operating leases	30,152,111	30,305,952
Deferred Rent	(0)	(0)
	30,152,111	**30,305,952**
Total Liabilities	**32,502,940**	**32,282,963**
Beginning of the year	4,338,083	5,181,053
Change in net assets during current fiscal year	211,880	(841,686)
Total net assets	**4,549,963**	**4,339,367**
Total liabilities and net assets	**$ 37,052,903**	**$ 36,622,330**

The American Dream School

Summary Statements of Revenue, Support and Expenses at Period Ending September 30, 2026
with Fiscal Year Ended June 30, 2026 Budget v Actuals

	Fiscal Year 2025-26			Fiscal Year 2026-27		
	Approved Budget	Unaudited Actuals	Actual as a % of Budget	Approved Budget	Actual at 9/30/2026	Actual as a % of Budget
Total Revenue	**$ 16,100,178**	**$ 15,608,580**	**96.9%**	**$ 15,582,449**	**3,670,732**	**24%**
Total Expenses	**16,239,228**	**16,057,071**	**98.9%**	**15,548,932**	**3,420,862**	**22%**
Net Operating Position before GAAP Adjustments	***(139,050)***	***(448,492)***	***322.5%***	***33,518***	***249,870***	***745%***
GAAP Adjustments	(100,000)	(393,194)	393.2%	(449,684)	(51,971)	12%
Net Operating Position after GAAP Adjustments	***$ (239,050)***	***$ (841,686)***	***352.1%***	***$ (416,166)***	***197,899***	***-48%***
Student Enrollment	585.00	555.80	95.0%	585.00	555.80	95%
Revenue and Support						
Tuition Revenue	$ 13,288,389	$ 12,740,592	**95.9%**	$ 12,737,316	3,190,385	25%
State and City Government Grants	1,510,091	1,510,091	**100.0%**	1,547,843	154,784	10%
Federal Government Grants	748,598	779,247	**104.1%**	781,940	80,236	10%
Donations and Contributions	240,600	255,080	**106.0%**	250,600	199,122	79%
Other Sources of Revenue and Support	312,500	323,569	**103.5%**	264,750	46,205	17%
Total Revenue and Support	**16,100,178**	**15,608,580**	**96.9%**	**15,582,449**	**3,670,732**	**24%**
Expenses						
Staff Salaries and Wages	9,913,648	9,446,855	**95.3%**	9,077,537	1,749,995	19%
Payroll Taxes	892,228	1,017,522	**114.0%**	907,754	178,098	20%
Fringe Benefits	1,048,705	954,109	**91.0%**	907,754	245,878	27%
Professionals Services	653,850	656,876	**100.5%**	676,796	133,404	20%
Academic Operations	1,156,041	1,172,881	**101.5%**	1,131,265	277,042	24%
Recruitment and Professional Development	105,475	88,572	**84.0%**	88,120	20,078	23%
Information Technology	390,274	489,061	**125.3%**	471,120	75,052	16%
Administrative Expenses	182,212	220,027	**120.8%**	226,201	73,635	33%
General Insurance	144,147	138,836	**96.3%**	146,499	132,401	90%
Facility Operations	1,752,649	1,872,331	**106.8%**	1,915,887	535,279	28%
Other Expenses	-	-		-	-	
Total Operating Expenses	**16,239,228**	**16,057,071**	**98.9%**	**15,548,932**	**3,420,862**	**22%**
Excess/(Deficit) of Revenue over Expenses *before* GAAP Adjustments	**(139,050)**	**(448,492)**	**322.5%**	**33,518**	**249,870**	**745%**
GAAP Adjustments	*(100,000)*	*(393,194)*	***393.2%***	*(449,684)*	*(51,971)*	*12%*
Excess/(Deficit) of Revenue over Expenses *after* GAAP Adjustments	**$ (239,050)**	**$ (841,686)**	**352.1%**	**$ (416,166)**	**197,899**	**-48%**

The American Dream School

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with Fiscal Year Ended June 30, 2026 Budget v Actuals

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Net Operating Position after GAAP Adjustments	***$ (239,050)***	***$ (841,686)***	***352.1%***	***$ (416,166)***	***$ 197,899***	***-48%***
Student Enrollment	585.00	555.80	95.0%	585.00	555.80	95%
Revenue and Support						
Tuition Revenue:						
GenEd Tuition	$ 11,643,255	$ 11,071,820	95.1%	$ 11,053,635	$ 2,767,809	25%
SpEd Tuition	1,645,134	1,668,772	101.4%	1,683,681	422,576	25%
	13,288,389	**12,740,592**	**95.9%**	**12,737,316**	**3,190,385**	**25%**
State and City Government Grants:						
Stimulus		-	0.0%		-	
NYC DoE Lease Assistance	1,510,091	1,510,091	100.0%	1,547,843	154,784	10%
	1,510,091	**1,510,091**	**100.0%**	**1,547,843**	**154,784**	**10%**
Federal Government Grants						
IDEA Special Needs	127,017	113,008	89.0%	113,008	-	0%
Title I	381,581	380,901	99.8%	378,489	60,582	16%
Title II	-	48,562	0.0%	47,789	8,046	17%
Title III		11,755		13,657	1,902	14%
Title IV	-	29,001	0.0%	28,997	4,834	17%
Other Federal Sources (PPP, CARES Act, ESSER II and ESSER III)	-	-	0.0%	-	-	0%
Child Nutrition Reimbursement Program	240,000	196,020		200,000	4,872	2%
	748,598	**779,247**	**104.1%**	**781,940**	**80,236**	**10%**
Donations and Contributions:						
Individuals	35,000	56,250	160.7%	50,000	11,022	22%
Corporations	20,000	13,230	66.2%	15,000	2,500	17%
Foundations and Charitable Trusts	185,600	185,600	100.0%	185,600	185,600	100%
	240,600	**255,080**	**106.0%**	**250,600**	**199,122**	**79%**
Other Sources of Revenue and Support:						
Erate Reimbursement	80,000	55,620	69.5%	60,000	11,004	18%
Interest and Dividends and Other Income	232,500	267,949	115.2%	204,750	35,201	17%
	312,500	**323,569**	**103.5%**	**264,750**	**46,205**	**17%**
Total Support and Revenue	**16,100,178**	**15,608,580**	**96.9%**	**15,582,449**	**3,670,732**	**24%**
Expenses						
Staff Salaries and Wages:						
Administrative Staff:						
Executive Management	481,083	489,265	101.7%	500,326	125,082	25%
Instructional Management	483,777	480,158	99.3%	503,128	125,782	25%
Deans, Directors & Coordinators	219,580	259,080	118.0%	261,010	65,807	25%

The American Dream School

Summary Statements of Revenue, Support and Expenses at Period Ending September 30, 2026
with Fiscal Year Ended June 30, 2026 Budget v Actuals

	Fiscal Year 2025-26			Fiscal Year 2026-27		
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GAAP Adjustments	$ (100,000)	$ (393,194)	393.2%	$ (449,684)	$ (51,971)	12%
Net Operating Position after GAAP Adjustments	***$ (239,050)***	***$ (841,686)***	***352.1%***	***$ (416,166)***	***$ 197,899***	***-48%***
Student Enrollment	585.00	555.80	95.0%	585.00	555.80	95%
Director of Operations	176,800	152,638	86.3%	183,872	45,968	25%
Operation Manager	-	-	0.0%	-	-	0%
Administrative Staff	492,712	688,188	139.7%	478,661	142,790	30%
	1,853,952	**2,069,329**	**111.6%**	**1,926,997**	**505,429**	**26%**
Instructional Staff:						
Teachers - Regular	4,546,849	3,863,538	85.0%	3,987,789	635,023	16%
Teachers - SPED	664,557	705,652	106.2%	539,178	56,041	10%
Substitute Teachers	-	570		-	-	0%
Teaching Assistants	63,273	62,377	98.6%	65,803	14,572	22%
Aides	-	-	0.0%	-	-	0%
Art Teacher	125,399	125,339	100.0%	131,335	21,889	17%
Music Teacher	-	-	0.0%	-	-	0%
Gym Teacher	276,757	276,722	100.0%	281,175	47,569	17%
Spanish Teacher	579,296	674,420	116.4%	625,730	125,318	20%
Therapists & Counselors	750,789	624,517	83.2%	487,345	75,197	15%
Interns	-	-	0.0%	-	-	0%
	7,006,920	**6,333,135**	**90.4%**	**6,118,355**	**975,608**	**16%**
Non-Instructional Staff:						
Custodian	160,777	167,314	104.1%	166,667	45,627	27%
Security	116,480	145,334	124.8%	122,484	31,196	25%
Other	252,518	209,911	83.1%	178,033	35,262	20%
	529,775	**522,559**	**98.6%**	**467,184**	**112,086**	**24%**
Additional Payments and Incentives:						
Sports Coaching		34,404	0.0%	50,000	2,520	5%
Science Olympiad		-	0.0%		-	0%
Living Environment		-	0.0%		-	0%
Summer School	128,000	144,612	113.0%	150,000	130,715	87%
Afterschool	100,000	69,272	69.3%	65,000	10,837	17%
Coverage	50,000	54,795	109.6%	40,000	12,800	32%
Advisory Committee		-	0.0%		-	0%
Lunch Duty		-	0.0%		-	0%
Returning Bonus	207,500	188,750	91.0%	215,000	-	0%
Spring Bonus	-	-	0.0%	45,000	-	0%
Longevity Bonus	37,500	30,000	80.0%	-	-	0%
	523,000	**521,832**		**565,000**	**156,872**	**28%**

The American Dream School

Summary Statements of Revenue, Support and Expenses at Period Ending September 30, 2026
with Fiscal Year Ended June 30, 2026 Budget v Actuals

	Fiscal Year 2025-26			Fiscal Year 2026-27		
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GAAP Adjustments	$ (100,000)	$ (393,194)	393.2%	$ (449,684)	$ (51,971)	12%
Net Operating Position after GAAP Adjustments	***$ (239,050)***	***$ (841,686)***	***352.1%***	***$ (416,166)***	***$ 197,899***	***-48%***
Student Enrollment	585.00	555.80	95.0%	585.00	555.80	95%
Total Salaries and Wages	**9,913,648**	**9,446,855**	**95.3%**	**9,077,537**	**1,749,995**	**19%**
Payroll Taxes:						
Employer FICA, Unemployment, Disability, Workers Comp	892,228	1,017,522	114.0%	907,754	178,098	20%
Fringe Benefits:						
Medical, Dental and Vision	900,000	800,506	88.9%	771,591	213,932	28%
Retirement Plan Match	148,705	153,603	103.3%	136,163	31,945	23%
	1,048,705	**954,109**	**91.0%**	**907,754**	**245,878**	**27%**
Total Payroll Taxes and Benefits	**1,940,933**	**1,971,631**	**101.6%**	**1,815,507**	**423,976**	**23%**
Professionals Services:						
Accounting and Audit	249,850	258,688	103.5%	259,344	55,292	21%
Legal	40,000	42,768	106.9%	50,000	6,906	14%
Special Ed Services	-	-	0.0%	-	-	0%
School Food	-	-	0.0%	-	-	0%
Other Purchased Services	260,000	255,047	98.1%	259,500	45,450	18%
Payroll Services	104,000	100,374	96.5%	107,952	25,757	24%
	653,850	**656,876**	**100.5%**	**676,796**	**133,404**	**20%**
Academic Operations:						
Classroom / Teaching Supplies & Materials	38,150	39,331	103.1%	40,651	14,109	35%
Special Ed Supplies & Materials	-	-	0.0%	-	-	0%
Textbooks / Workbooks	23,326	21,053	90.3%	23,019	5,315	23%
Classroom Equipment and Furniture	-	-	0.0%	-	-	0%
Student Testing & Assessment	17,897	43,097	240.8%	41,180	2,035	5%
Field Trips	293,759	276,241	94.0%	211,465	72,685	34%
Student Services	69,033	39,688	57.5%	13,511	1,715	13%
Transportation (student)	2,458	882	35.9%	1,098	-	0%
Clinical Supervision	-		0.0%	-		0%
Staff Services	31,771	35,185	110.7%	37,213	7,235	19%
Nurse Services	-		0.0%	-		0%
Student Uniforms	43,053	94,248	218.9%	110,782	4,807	4%
School Meals	300,000	225,787	75.3%	230,000	31,988	14%
Student Recruitment	15,584	100,178	642.8%	58,471	55,996	96%
Marketing and Advertising	142,531	134,223	94.2%	154,138	7,039	5%
Memberships	178,479	162,969	91.3%	199,324	50,269	25%
Alumni Activities	-	-	0.0%	10,413	23,850	229%

The American Dream School

Summary Statements of Revenue, Support and Expenses at Period Ending September 30, 2026
with Fiscal Year Ended June 30, 2026 Budget v Actuals

	Fiscal Year 2025-26			Fiscal Year 2026-27		
	Approved Budget	Unaudited Actuals	Actual as a % of Budget	Approved Budget	Actual at 9/30/2026	Actual as a % of Budget
Total Revenue	**$ 16,100,178**	**$ 15,608,580**	**96.9%**	**$ 15,582,449**	**$ 3,670,732**	**24%**
Total Expenses	**$ 16,239,228**	**$ 16,057,071**	**98.9%**	**$ 15,548,932**	**$ 3,420,862**	**22%**
Net Operating Position before GAAP Adjustments	***$ (139,050)***	***$ (448,492)***	***322.5%***	***$ 33,518***	***$ 249,870***	***745%***
GAAP Adjustments	$ (100,000)	$ (393,194)	393.2%	$ (449,684)	$ (51,971)	12%
Net Operating Position after GAAP Adjustments	***$ (239,050)***	***$ (841,686)***	***352.1%***	***$ (416,166)***	***$ 197,899***	***-48%***
Student Enrollment	585.00	555.80	95.0%	585.00	555.80	95%
	1,156,041	**1,172,881**	**101.5%**	**1,131,265**	**277,042**	**24%**
Recruitment and Professional Development:						
Staff Development	47,105	27,422	58.2%	29,382	10,460	36%
Staff Recruitment	56,235	58,963	104.9%	57,032	8,945	16%
Travel (Staff)	2,136	2,187	102.4%	1,706	673	39%
	105,475	**88,572**	**84.0%**	**88,120**	**20,078**	**23%**
Information Technology:						
Telephone & Internet	29,734	89,580	301.3%	91,120	21,872	24%
Technology	360,541	399,481	110.8%	380,000	53,180	14%
Computer Equipment, Supplies and Accessories	-		0.0%	-		0%
Software	-		0.0%	-		0%
	390,274	**489,061**	**125.3%**	**471,120**	**75,052**	**16%**
Administrative Expenses:						
Office Expense	174,606	200,056	114.6%	205,616	66,844	33%
Postage and Shipping	7,502	12,335	164.4%	13,770	6,791	49%
Fundraising	-		0.0%			0%
Board Expenses	104	7,636	7342.3%	6,815	-	0%
Office Equipment Rent/Lease	-		0.0%	-		0%
Staff Events	-		0.0%	-		0%
Staff Meals	-		0.0%	-		0%
Office Furniture and Equipment	-		0.0%	-		0%
	182,212	**220,027**	**120.8%**	**226,201**	**73,635**	**33%**
General Insurance:						
Directors and Officers, Liability, Property and Content	144,147	138,836	96.3%	146,499	132,401	90%
General Liability	-		0.0%	-		0%
Professional Liability	-		0.0%	-		0%
Property and Content	-		0.0%	-		0%
	144,147	**138,836**	**96.3%**	**146,499**	**132,401**	**90%**
Facility Operations:						
Rent	1,510,091	1,510,095	100.0%	1,547,843	474,382	31%
Utilities	119,465	126,466	105.9%	127,578	27,583	22%
Storage and Moving	16,780	14,762	88.0%	9,056	2,240	25%
Repairs & Maintenance	53,458	140,251	262.4%	100,723	20,251	20%
Building Furniture and Equipment	35,433	47,656	134.5%	50,687	-	0%
Janitorial Services and Supplies	17,422	33,101	190.0%	80,000	10,822	14%

The American Dream School

Summary Statements of Revenue, Support and Expenses at Period Ending September 30, 2026
with Fiscal Year Ended June 30, 2026 Budget v Actuals

	Fiscal Year 2025-26			Fiscal Year 2026-27		
	Approved Budget	Unaudited Actuals	Actual as a % of Budget	Approved Budget	Actual at 9/30/2026	Actual as a % of Budget
Total Revenue	$ 16,100,178	$ 15,608,580	96.9%	$ 15,582,449	$ 3,670,732	24%
Total Expenses	$ 16,239,228	$ 16,057,071	98.9%	$ 15,548,932	$ 3,420,862	22%
Net Operating Position before GAAP Adjustments	***$ (139,050)***	***$ (448,492)***	***322.5%***	***$ 33,518***	***$ 249,870***	***745%***
GAAP Adjustments	$ (100,000)	$ (393,194)	393.2%	$ (449,684)	$ (51,971)	12%
Net Operating Position after GAAP Adjustments	***$ (239,050)***	***$ (841,686)***	***352.1%***	***$ (416,166)***	***$ 197,899***	***-48%***
Student Enrollment	585.00	555.80	95.0%	585.00	555.80	95%
Security	-	-	0.0%	-	-	0%
	1,752,649	1,872,331	106.8%	1,915,887	535,279	28%
Other Expenses:						
Bad Debt	-	-	0.0%	-	-	0%
Interest and Finance Charges	-		0.0%	-		0%
Donated Goods and Services	-		0.0%	-		0%
	-	-	0.0%	-	-	0%
Total Operating Expenses	16,239,228	16,057,071	98.9%	15,548,932	3,420,862	22%
Excess/(Deficit) of Revenue over Expenses before GAAP Adjustments	(139,050)	(448,492)	322.5%	33,518	249,870	745%
GAAP Adjustments						
Add:						
Capital Expenses	100,000	177,657	177.7%	100,000	(13,981)	-14%
Less:						
Deferred Rent		(387,432)	0.0%	(349,684)		0%
Depreciation	(200,000)	(183,419)	91.7%	(200,000)	(37,990)	19%
Total GAAP Adjustments	(100,000)	(393,194)	393.2%	(449,684)	(51,971)	12%
Excess/(Deficit) of Revenue over Expenses after GAAP Adjustments	(239,050)	(841,686)	352.1%	(416,166)	197,899	-48%

The American Dream School

Cash Flow Projection for the Period October 1, 2026 to December 31, 2026

	Oct-26	Nov-26	Dec-26	Summary
[a] Cash available for operating use at beginning of month[1]	**$ 7,509,966**	**$ 8,527,881**	**$ 7,483,510**	**$ 7,509,966**
Projected cash inflows:				
Per-Pupil Tuition (GenEd and SpEd)	2,012,709			2,012,709
Lease Assistance	251,682			251,682
Title Reimbursements		74,872		74,872
Stimulus Grants Reimbursements				-
Interest	13,000	13,000	13,000	39,000
Contributions				-
[b] Total Projected Cash Inflows	**2,277,391**	**87,872**	**13,000**	**2,378,263**
Projected cash outflows:				
Payment of existing obligations (accounts payable, accrued expenses)	127,232			127,232
Personnel costs	756,461	756,461	756,461	2,269,384
School operating costs	216,125	216,125	216,125	648,375
Facility costs	159,657	159,657	159,657	478,972
[c] Total Projected Cash Outflows	**1,259,476**	**1,132,244**	**1,132,244**	**3,523,963**
[d] Net Cash Flows from Operating Activities = [b] - [c]	**1,017,915**	**(1,044,372)**	**(1,119,244)**	**(1,145,700)**
Cash available for operating use at end of month = [a] + [d]	**$ 8,527,881**	**$ 7,483,510**	**$ 6,364,266**	**$ 6,364,266**

[1] Excludes Escrow and Board Reserve totaling ***$ 100,970***

Coversheet

BENCHMARK 5: Financial Management

Section: III. Organizational Soundness
Item: B. BENCHMARK 5: Financial Management
Purpose: Discuss
Submitted by:
Related Material: ADCS_DRAFT_FIN_STMTS_6-30-26.pdf

AMERICAN DREAM CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

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AMERICAN DREAM CHARTER SCHOOL
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
American Dream Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Dream Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of American Dream Charter School as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Dream Charter 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.

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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 American Dream Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 American Dream Charter 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 American Dream Charter School's ability to continue as a going concern for a reasonable period of time.

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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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026, on our consideration of American Dream 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 American Dream 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 American Dream Charter School's internal control over financial reporting and compliance.

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New York, New York
September 18, 2026

AMERICAN DREAM CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

A S S E T S

	2026	2025
Current Assets		
Cash and cash equivalents	$ 229,454	$ 800,671
Investments	6,460,232	6,061,611
Grants and contracts receivable	132,683	292,294
Prepaid expenses and other current assets	63,977	227,965
Total Current Assets	6,886,346	7,382,541
Property and equipment, at cost, net of accumulated depreciation	262,429	294,185
Right-of-use assets - operating leases, net	28,062,630	28,964,122
Other Assets		
Cash - reserve	99,968	100,183
Security deposit	359,331	359,331
Other reserve	62,754	46,364
Due from ADCS II	692,062	519,804
Total Other Assets	1,214,115	1,025,682
Total Assets	$36,425,520	$37,666,530

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

AMERICAN DREAM CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

LIABILITIES AND NET ASSETS

	2026	2025
Current Liabilities		
Accounts payable and accrued expenses	$ 228,016	$ 209,153
Salaries, payroll taxes and benefits payable	978,778	887,102
Current portion of lease obligations - operating leases	569,218	514,057
Total Current Liabilities	1,776,012	1,610,312
Long-Term Liabilities		
Long-term lease obligations - operating leases	30,305,952	30,875,170
Total Liabilities	32,081,964	32,485,482
Net Assets without Donor Restrictions	4,343,556	5,181,048
Total Liabilities and Net Assets	$36,425,520	$37,666,530

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

AMERICAN DREAM CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Changes in Net Assets without Donor Restrictions		
Revenues and Other Support		
State and Local per Pupil revenue:		
General Education	$11,071,820	$11,322,782
Special Education	1,674,248	1,696,368
State grants - facility funding	1,510,091	1,473,257
Government grants	834,868	889,009
Contributions	258,189	260,930
Investment income	175,032	312,928
Other income	57,593	54,613
Total Revenues and Other Support	15,581,841	16,009,887
Expenses		
Program Services		
Regular Education	10,584,910	10,626,216
Special Education	2,422,008	2,346,963
Total Program Services	13,006,918	12,973,179
Supporting Services		
Management and general	3,412,415	3,476,829
Total Supporting Services	3,412,415	3,476,829
Total Expenses	16,419,333	16,450,008
Changes in net assets	(837,492)	(440,121)
Net Assets - Beginning of year	5,181,048	5,621,169
Net Assets - End of Year	$ 4,343,556	$ 5,181,048

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

AMERICAN DREAM CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

	No. Of Positions	Program Services: Regular Education	Program Services: Special Education	Program Services: Total	Supporting Services: Management & General	Total Expenses
Personnel Services Costs						
Administrative staff personnel	30	$ 501,137	$ 114,669	$ 615,806	$ 1,979,191	$ 2,594,997
Instructional personnel	64	5,576,852	1,276,077	6,852,929	-	6,852,929
Total Personnel Services Costs		6,077,989	1,390,746	7,468,735	1,979,191	9,447,926
Employee benefits and Payroll taxes		1,219,066	278,943	1,498,009	396,967	1,894,976
Legal fees		-	-	-	42,768	42,768
Accounting and audit fees		-	-	-	258,688	258,688
Occupancy		93,558	21,408	114,966	30,466	145,432
Lease expense, operating leases		1,220,707	279,318	1,500,025	397,502	1,897,527
Marketing and recruitment		109,229	24,994	134,223	-	134,223
Other purchased professional and consulting services		232,892	53,290	286,182	49,239	335,421
Repairs and maintenance		111,520	25,517	137,037	36,316	173,353
Insurance		83,531	19,114	102,645	27,201	129,846
Supplies		49,413	11,304	60,717	-	60,717
Board and staff development		49,862	11,410	61,272	8,971	70,243
Student and staff recruitment fees		138,540	31,700	170,240	16,541	186,781
Student services		679,168	155,407	834,575	-	834,575
Office expenses		391,932	89,681	481,613	127,625	609,238
Miscellaneous		1,779	408	2,187	-	2,187
Total expenses before depreciation		10,459,186	2,393,240	12,852,426	3,371,475	16,223,901
Depreciation		125,724	28,768	154,492	40,940	195,432
TOTAL EXPENSES		$10,584,910	$ 2,422,008	$13,006,918	$ 3,412,415	$16,419,333

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

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

	No. Of Positions	Program Services: Regular Education	Program Services: Special Education	Program Services: Total	Supporting Services: Management & General	Total Expenses
Personnel Services Costs						
Administrative staff personnel	30	$ 680,282	$ 150,251	$ 830,533	$ 2,076,843	$ 2,907,376
Instructional personnel	63	5,660,111	1,250,123	6,910,234	-	6,910,234
Total Personnel Services Costs		6,340,393	1,400,374	7,740,767	2,076,843	9,817,610
Employee benefits and Payroll taxes		1,175,542	259,637	1,435,179	385,058	1,820,237
Legal fees		-	-	-	58,942	58,942
Accounting and audit fees		-	-	-	247,881	247,881
Occupancy		91,116	20,124	111,240	29,845	141,085
Lease expense, operating leases		1,225,458	270,661	1,496,119	401,408	1,897,527
Marketing and recruitment		118,029	26,068	144,097	-	144,097
Other purchased professional and consulting services		279,678	61,771	341,449	62,255	403,704
Repairs and maintenance		69,960	15,451	85,411	22,915	108,326
Insurance		77,155	17,041	94,196	25,272	119,468
Supplies		41,729	9,217	50,946	-	50,946
Board and staff development		57,085	12,608	69,693	6,865	76,558
Student and staff recruitment fees		65,955	14,567	80,522	17,094	97,616
Student services		646,925	142,883	789,808	-	789,808
Office expenses		320,568	70,803	391,371	105,005	496,376
Miscellaneous		2,304	509	2,813	-	2,813
Total expenses before depreciation		10,511,897	2,321,714	12,833,611	3,439,383	16,272,994
Depreciation		114,319	25,249	139,568	37,446	177,014
TOTAL EXPENSES		$10,626,216	$ 2,346,963	$12,973,179	$ 3,476,829	$16,450,008

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

AMERICAN DREAM CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash Flows from Operating Activities		
Changes in net assets	$ (837,492)	$ (440,121)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	195,432	177,014
Noncash portion of lease expenses - operating lease	901,492	885,810
Unrealized loss on investments	24,774	4,743
(Increase) decrease in:		
Grants and contracts receivable	159,611	644,359
Prepaid expenses and other current assets	163,988	(192,743)
Security deposit	-	(8,847)
Increase (decrease) in:		
Accounts payable and accrued expenses	18,863	(35,587)
Salaries, payroll taxes and benefits payable	91,676	(92,816)
Lease obligations - operating leases	(514,057)	(461,546)
Net Cash provided by Operating Activities	204,287	480,266
Cash Flows from Investing Activities		
Purchase of property and equipment	(163,676)	(141,787)
Purchase of investments	(6,667,409)	-
Redemption of investments	2,351,000	3,851,804
Net Cash (used in) provided by Investing Activities	(4,480,085)	3,710,017
Cash Flow from Financing Activities		
Due from ADCS II	(172,258)	(52,732)
Net Cash used in Financing Activities	(172,258)	(52,732)
Net (decrease) increase in Cash, Cash Equivalents and Restricted Cash	(4,448,056)	4,137,551
Cash, Cash Equivalents and Restricted Cash - Beginning of year	5,000,133	862,582
Cash, Cash Equivalents and Restricted Cash - End of Year	$ 552,077	$ 5,000,133

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

AMERICAN DREAM CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Note 1 - Organization

American Dream Charter School ("ADCS") is an education corporation operating as a charter school in Bronx, New York. The Charter School opened in 2013 with a charter granted by the Board of Regents of the State of New York. American Dream Charter School's mission is to develop academic excellence in both Spanish and English, preparing students in grades 6 through 12 to excel in college.

ADCS strongly believes that to facilitate success, it is important to cultivate a welcoming, encouraging environment for English language learners and immigrant students where learning and language development is supported. ADCS serve the 6th, 7th and 8th grades ("Middle School") and 9th, 10th, 11th and 12th grades ("High School").

ADCS is supported primarily by state and local per-pupil operating revenues and government grants and contracts.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of ADCS are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

ADCS's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require ADCS to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of ADCS. These net assets may be used at the discretion of ADCS's management and Board of Trustees.

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Note 2 - Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ADCS or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. ADCS has no net assets with donor restriction at June 30, 2026 and 2025.

The 2025 financial statements have been restated to conform with the 2026 presentation.

Estimates

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

Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to ADCS, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the

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Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

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

	Estimated Useful Life	Method
Computers and equipments	3-5 years	Straight-line
Furniture and fixtures	5 years	Straight-line

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, and management and general categories based on estimates of time and effort and other methods.

Cash and cash equivalents

For purposes of the statement of cash flows, ADCS considers Treasury bills with a maturity of three months or less to be cash equivalents.

Cash - Reserve

ADCS maintains cash in a reserve account in accordance with the terms of its charter agreement. The amount in reserve was $99,968 and $100,183 at June 30, 2026 and 2025 respectively. The cash reserve is restricted to fund legal and other costs related to the dissolution of ADCS, should this become necessary.

Investments

Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments held by Not-for-Profit Organizations*, requires that investments be reported at fair value.

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Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement and Disclosure*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurements. Valuation techniques were used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.
Level 2 inputs to the valuation methodology include: quoted prices for similar assets and liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

State and Local Per-Pupil Operating Revenues

ADCS recognizes revenue as educational programming is provided to students throughout the year. ADCS earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the

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Note 2 - Summary of Significant Accounting Policies (Continued)

State and Local Per-Pupil Operating Revenues (Continued)

approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by New York State Education Department (NYSED) in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received agreed upon between ADCS and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by ADCS to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Grants and Contracts Revenue

Some of the ADCS's revenue is derived from federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the ADCS has incurred expenditures in compliance with a specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by their funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position.

Grants and other receivable

Grants and other receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2026 and 2025.

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Note 2 - Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts

ADCS writes off receivables when there is information that indicates there is no possibility of collectibility. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with ADCS's accounting policy election. There were no write-offs for the years ending June 30, 2026 and 2025.

Marketing and Recruiting Costs

ADCS expenses marketing costs as they are incurred. Total marketing and recruiting costs were $134,223 and $144,097 for the years ended June 30, 2026 and 2025, respectively.

Tax Status

ADCS is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

ADCS files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2023 through June 30, 2025, are still subject to potential audit by the IRS. Management of ADCS believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Fair Values of Financial Instruments

ADCS's financial instruments consist primarily of cash, accounts receivable and accounts payable. The carrying values of cash, accounts receivable, and accounts payable are considered to be representative of their respective fair values.

Adoption of New Standards

Effective July 1, 2022, ADCS adopted Accounting Standards Update (ASU) 2016-02, Leases (ASC Topic 842) and subsequent amendments. ASC affects all companies that enter into lease arrangements, with certain exclusions under limited scope

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AMERICAN DREAM CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Note 2 - Summary of Significant Accounting Policies (Continued)

Adoption of New Standards (Continued)

limitations. Under ASU 2016-02, an entity recognizes right-of-use ("ROU") assets and lease obligations on the statement of financial position for all leases with a lease term of more than 12 months. Short-term rentals under year to year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

In adopting the new lease standard, ADCS elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, July 1, 2022, in lieu of applying the standard retrospectively to July 1, 2021.

Additionally, as part of the implementation, ADCS elected to use a package of optional practical expedients which permit ADCS to avoid reassessing previous lease identifications within contracts, the existence of initial direct costs, and the lease classifications of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous U.S. Generally Accepted Accounting Principles (U.S. GAAP) are automatically classified as operating leases under the new standards, and all leases previously classified as capital leases are recorded as finance leases.

ADCS has not classified any leases as finance leases. All leases are classified as operating leases since ADCS does not expect to consume a major part of the economic benefits of the leased assets over the remaining lease term. Leases recognized under the new standard include leases that were not capitalized under previous U.S. GAAP.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. ADCS has made an accounting policy election to use a risk-free rate as the discount rate in measuring its lease obligations. Under this election, the risk-free rate used is the rate for a United States Treasury instrument with a term consistent with the remaining lease term of an applicable lease.

Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

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Note 2 - Summary of Significant Accounting Policies (Continued)

Adoption of New Standards (Continued)

On July 1, 2022, ADCS recorded a right-of-use asset of $31,580,999 and lease obligation of $32,626,382 for operating leases.

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by ADCS that are subject to the guidance in FASB ASC 326 were grant and contract receivable.

ADCS adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Note 3 - Property and Equipment

During the year ended June 30, 2025, a portion of fully depreciated assets were written off. The write-off consisted of $281,111 for computer equipment and $81,582 for furniture and fixtures.

A summary of property and equipment at June 30, 2026 and 2025 are as follows:

	2026	2025
Computer equipment	$ 1,471,665	$ 1,355,645
Furniture and fixtures	473,957	426,301
	1,945,622	1,781,946
Less: Accumulated depreciation	(1,683,193)	(1,487,761)
	$ 262,429	$ 294,185

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AMERICAN DREAM CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Note 4 - Information Regarding Liquidity and Availability

ADCS regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in treasury notes.

ADCS's financial assets as of June 30, 2026 available within one year to meet cash needs for general expenditures are summarized as follows:

Cash and cash equivalents	$ 229,454
Short-term securities	6,460,232
Grants and contracts receivable	132,683
Financial Assets Available to Meet General Expenditures within One Year	$ 6,822,369

Note 5 - Right of use Assets and Lease Obligations

Effective July 1, 2022, ADCS adopted Accounting Standards Update (ASU) 2016-02, Leases (ASC Topic 842) and subsequent amendments (see Note 2 “Adoption of New Lease Standard”) which require ADCS to recognize right-of-use assets and lease obligations for all leases with a lease term of more than 12 months.

As of June 30, 2026, right-of-use assets and lease liabilities were as follows:

Right-of-use assets:	
Cost	$ 31,580,999
Less: Accumulated Amortization	(3,518,369)
	$ 28,062,630
Lease liabilities:	
Current portion	$ 569,218
Long-term portion	30,305,952
	$ 30,875,170

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Note 5 - Right of use Assets and Lease Obligations (Continued)

In June 2020, ADCS entered into a new sublease agreement for new classroom space at 403 Concord Avenue in the Bronx, NY to house the High School with a term commencing on August 1, 2020 and ending on April 30, 2048.

A summary of the future minimum payments under this lease, reconciled to the lease obligations at June 30, 2026 follows:

2026-2027	$ 1,547,843
2027-2028	1,586,539
2028-2029	1,626,202
2029-2030	1,666,857
2030-2031	1,708,529
Thereafter	36,105,906
	44,241,876
Less present value discount	(13,366,706)
Lease obligations at June 30, 2026	30,875,170
Less current portion	569,218
Long-term lease obligations	$ 30,305,952

In addition to the minimum base rent, the sublease agreement for 403 Concord Avenue requires ADCS to pay applicable fees and taxes to municipal and state authorities. Beginning July 1, 2022, ADCS is required to make an annual contribution in amount of $15,000, which will increase 3% annually until expiration of the agreement. This contribution is placed in a capital building reserve account ("Reserve") by the sub-landlord and to be used for non-recurring capital repairs at the leased space. At end of term, any unused portion of the Reserve including any interest earned will be returned. For the years ended June 30, 2026 and 2025, the required contribution was $16,390 and $15,914 respectively and ADCS made the required contribution. The balance of the Reserve at June 30, 2026 and 2025 was $62,754 and $46,364 respectively and is included in other reserve on the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Note 6 - Investments

The investments at June 30, 2026 and 2025 are as follows:

	2026	2025
Cash - Money Market	$ 159,901	$ 4,052,915
Fixed Income Securities	6,300,331	2,008,696
TOTAL	$ 6,460,232	$ 6,061,611

The investments are maintained in an account with a brokerage firm. The account contains cash and securities. Balances are insured up to $500,000 (with a limit of $250,000 for cash) by the Securities Investor Protection Corporation. This insurance does not cover any loss on market value of all cash, cash equivalents and securities held but losses due to the actions of the brokerage firm. ADCS has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash, cash equivalents and securities.

Note 7 - Fair Value Measurement

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2026 and 2025 are as follows:

	2026	2025
Level 1 Inputs		
Government Securities	$ 6,300,331	$ 2,008,696
Cash alternative - money market	159,901	4,052,915
TOTAL	$ 6,460,232	$ 6,061,611

As of June 30, 2026 and 2025, the contractual maturities of all debt securities classified as government securities are as follows:

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Note 7 - Fair Value Measurement (Continued)

	2026	2025
Maturing within one year	$ 2,334,678	$ 2,008,696
Maturing in 2-5 years	3,965,653	-
	$ 6,300,331	$ 2,008,696

Note 8 - Cash, Cash Equivalents and Restricted Cash

The balances in cash, cash equivalents and restricted cash as reflected in the statement of cash flows consist of the following:

	2026	2025
Cash and cash equivalents	$ 229,454	$ 800,671
Investments	159,901	4,052,915
Other Reserve	62,754	46,364
Cash Reserve	99,968	100,183
	$ 552,077	$ 5,000,133

Note 9 - Concentration of Credit Risk

Cash balances are maintained at financial institutions and are insured by the FDIC up to $250,000 at each institution. At June 30, 2026 and 2025, cash balances exceeded federally insured limits by $0 and $1,545,334, respectively. ADCS has not experienced any losses in such accounts. ADCS believes it is not exposed to any significant credit risk on cash.

Note 10 - Concentrations

A significant portion of ADCS's operating revenue is paid by New York State Education Department based on per-pupil rate. For the years ended June 30, 2026 and 2025, 91% and 90% respectively of total revenue and other support came from NYSED. The per-pupil rate is set annually by the State based on the school district in which ADCS's students are located.

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Note 10 - Concentrations (Continued)

Additionally, all grants and contracts receivable due at year end were due from the New York State Education Department.

Note 11 - Employee Retirement Plan

ADCS has a tax deferred 403(b) retirement plan. All employees may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. ADCS can make contributions up to 3% for qualified participating staff members. The total contributions to the employee retirement plan for the years ended June 30, 2026 and 2025 were $153,095 and $137,458, respectively.

Note 12 - Commitments and Contingency

As part of a building utilization plan with the New York City Department of Education (the "Department"), the Middle School is located in PS 30. The Department provides utilities and other maintenance and security services for the building during regular school hours.

Grants and Contracts

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowance, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

General Litigation

ADCS is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of ADCS. Events could occur that would change this estimate materially in the near term.

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AMERICAN DREAM CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Note 13 - Due from ADCS II

During 2026 and 2025, ADCS advanced funds to American Dream Charter School II (ADCS II), an affiliate for operational launch and critical startup costs. The loans are expected to be repaid when ADCS II begins operations. The total amount advanced to ADCS II as of June 30, 2026 and 2025 were $692,062 and $519,804, respectively. As of date of this report, ADCS II repaid approximately $153,000.

Note 14 - Subsequent Events

Management has evaluated subsequent events or transactions occurring through September 18, 2026, the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S 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*

To the Board of Trustees of
American Dream Charter School

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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 American Dream Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Dream Charter 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 American Dream Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of American Dream Charter 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 American Dream Charter 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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New York, New York
September 18, 2026