

LIONHEART CLASSICAL ACADEMY

FINANCIAL REPORT

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lionheart Classical Academy
Peterborough, New Hampshire 03458

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities of Lionheart Classical Academy, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Lionheart Classical Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities of Lionheart Classical Academy, as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lionheart Classical Academy 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 opinions.

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

Auditor's Responsibility 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Lionheart Classical Academy'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 Lionheart Classical Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal 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 on pages 4-6 and budgetary comparison information on pages 18-19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025 on our consideration of Lionheart Classical Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements on pages 20-21. The purpose of the report is 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 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 Lionheart Classical Academy's internal control over financial reporting and compliance.

Nathan Wechsler & Company

Concord, New Hampshire
October 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of the financial position of Lionheart Classical Academy ("the School") provides an overview of the activities for the year ended June 30, 2025. This Management's Discussion and Analysis is unaudited and is intended to offer a summary of significant current year activities, resulting changes, and currently known economic conditions and facts.

FINANCIAL HIGHLIGHTS

- Fiscal year 2025 (July 01, 2024 through June 30, 2025) was the fourth period of operations for the School and the third year with a student population.
- The School received \$9,180 per student in State equitable aid for each attending student directly from the State of New Hampshire.
- The School received \$372,978 in federal grants under the Charter School Program grant and SAFE grant.
- The student population averaged 302 students for the academic year ending June 30, 2025. The current charter for the 2025-2026 school year allows up to 316 students.
- The School raised \$358,862 in cash contributions and received \$3,150 of in-kind goods and service contributions.
- The School was approved for a three-year reimbursable grant in 2022 for approximately \$1,500,000. The School has requested all of the reimbursements related to this grant as of the year ended June 30, 2025.

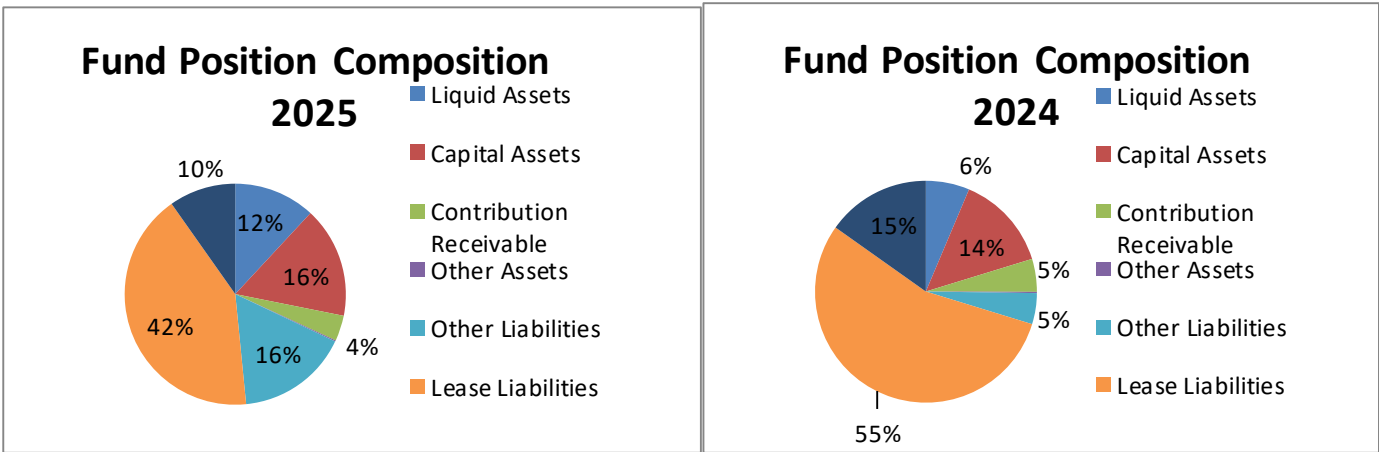
OVERVIEW OF THE FINANCIAL STATEMENTS

The School herewith present their basic financial statements for the year ended June 30, 2025. The basic financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board which establishes generally accepted accounting principles for state and local governments. The School's basic financial statements are comprised of two components: 1) comprehensive financial statements and 2) notes to the financial statements. The comprehensive financial statements presented are the Statement of Fund Net Position, the Statement of Activities and Changes in Fund Net Position and the Statement of Cash Flows. The notes provide additional information and disclosures that are essential to a complete understanding of the data provided in the financial statements.

Statement of Fund Net Position

The Statement of Fund Net Position reflects all the School's assets and liabilities using the accrual basis of accounting and represents the financial position as of the conclusion of the fiscal year. Fund net position is the difference between the School's total assets and total liabilities. Measuring fund net position is one way to gauge the School's financial condition.

MANAGEMENT’S DISCUSSION AND ANALYSIS



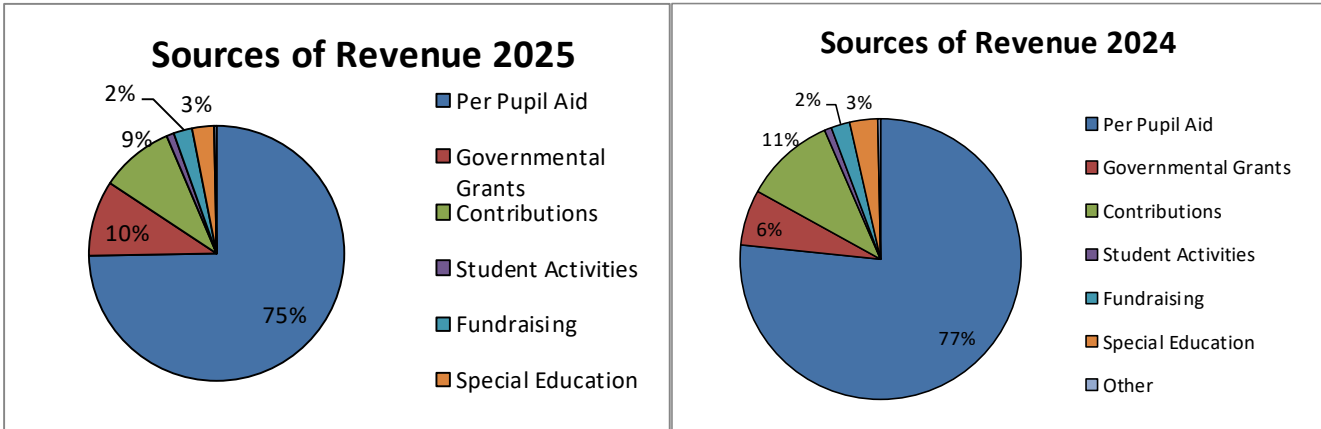
Fiscal Year 2025 Compared to 2024

Cash amounts to approximately 88% of current assets held by the School. Current assets increased by approximately \$1,557,000, which is primarily a result of increased cash related to additional per pupil aid and students as well as loan proceeds received on May 29, 2025. Liabilities increased by approximately \$2,837,000, which is primarily a result of new debt taken out in the current year for the building purchase. Unrestricted net fund position increased by approximately \$1,119,106, which is primarily a result of an increase in cash.

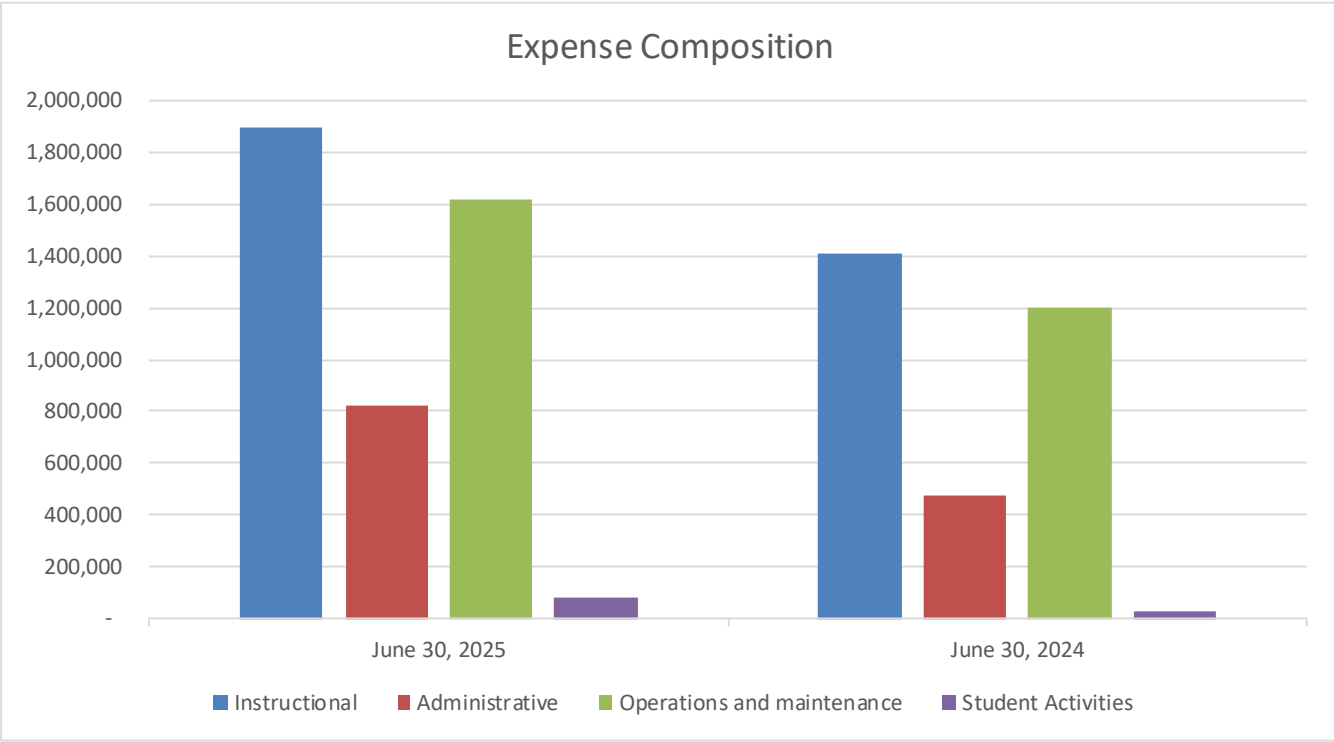
The School’s capital asset policy is to capitalize items or groups of items that cost \$1,000 or more and have a useful life when acquired of more than one year.

Statement of Activities and Changes in Fund Net Position

The Statement of Activities and Changes in Fund Net Position identifies all of the School's revenues and expenses and measures the results of its operations during the fiscal year. All revenues and expenses are included when earned or incurred, regardless of when cash is received or paid. Revenues are separated into functional operating categories.



MANAGEMENT’S DISCUSSION AND ANALYSIS



Fiscal Year 2025 Compared to 2024

The total per pupil aid received from the state for fiscal years 2025 and 2024 amounted to \$2,906,155 and \$2,470,910, respectively. Instructional expenses increased \$486,848 due to an increase in salaries and supplies in general. Administrative expenses increased \$346,968 due to an increase in salaries and contract expenses. Operations and maintenance increased \$416,902 related to the purchase of an additional building. Student activities expense increased \$56,439 related to an increase in student population.

NEXT YEAR’S OPERATIONS

Per pupil state aid is expected to increase to approximately \$9,260 per student and enrollment is expected to be approximately 300 students (K-6), the charter allows for a maximum of 316 students.

REQUEST FOR INFORMATION

This financial report is designed to present the user with a general overview of the School’s finances and to demonstrate the School’s accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lionheart Classical Academy, 10 Sharon Road, Peterborough, NH 03458.

BASIC FINANCIAL STATEMENTS

LIONHEART CLASSICAL ACADEMY

STATEMENTS OF FUND NET POSITION

June 30, 2025 and 2024

ASSETS		2025	2024
CURRENT ASSETS			
Cash	\$	2,299,142	\$ 603,603
Grants receivable		261,609	276,228
Contributions receivable		16,670	119,000
Prepaid expenses		44,733	65,897
<i>Total current assets</i>		<u>2,622,154</u>	<u>1,064,728</u>
CAPITAL ASSETS			
Buildings and improvements		2,193,161	2,119,298
Furniture and fixtures		866,873	619,948
Land improvements		24,825	17,450
Construction in progress		1,251,439	-
Less accumulated depreciation		(762,113)	(439,907)
<i>Total capital assets, net</i>		<u>3,574,185</u>	<u>2,316,789</u>
OTHER ASSETS			
Security deposits		34,270	34,270
Contributions receivable, less current portion		818,997	800,000
Right of use asset, net of accumulated amortization		7,894,169	8,252,995
Lease assets - SBITAs, net of accumulated amortization		12,555	35,228
<i>Total other assets</i>		<u>8,759,991</u>	<u>9,122,493</u>
Total assets	\$	<u>14,956,330</u>	<u>\$ 12,504,010</u>
LIABILITIES AND FUND NET POSITION			
CURRENT LIABILITIES			
Line of credit	\$	-	\$ 200,000
Current portion of long-term debt		8,751	-
Accounts payable		69,099	22,391
Interest payable		491,714	485,596
Deferred revenue		1,622	-
Accrued expenses		16,715	43,647
<i>Total current liabilities</i>		<u>587,901</u>	<u>751,634</u>
LONG-TERM LIABILITIES			
Lease liabilities- SBITAs		-	17,614
Long-term lease liability, less current maturities		9,196,130	9,196,130
Bond payable		2,670,000	-
Long-term debt, less current maturities		349,249	-
<i>Total long-term liabilities</i>		<u>12,215,379</u>	<u>9,213,744</u>
<i>Total liabilities</i>		<u>12,803,280</u>	<u>9,965,378</u>
COMMITMENTS (See Notes)			
FUND NET POSITION			
Net investment in capital assets		895,434	2,316,789
Unrestricted		421,949	(697,157)
Restricted		835,667	919,000
<i>Total fund net position</i>		<u>2,153,050</u>	<u>2,538,632</u>
Total liabilities and fund net position	\$	<u>14,956,330</u>	<u>\$ 12,504,010</u>

See Notes to Financial Statements

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LIONHEART CLASSICAL ACADEMY

STATEMENTS OF ACTIVITIES AND CHANGES IN FUND NET POSITION Years Ended June 30, 2025 and 2024

	2025	2024
UNRESTRICTED:		
REVENUES AND SUPPORT		
State per pupil aid	\$ 2,906,155	\$ 2,470,910
Governmental grants	372,978	206,845
Special education	106,529	104,065
Student activities	37,931	26,706
Contributions	358,862	305,415
In-kind contributions	3,150	32,100
Fundraising	91,967	69,330
Other income	13,241	9,780
<i>Total revenues and support</i>	<u>3,890,813</u>	<u>3,225,151</u>
Other restricted activity	<u>83,333</u>	<u>(644,000)</u>
<i>Total unrestricted revenues, support and funds released from restrictions</i>	<u>3,974,146</u>	<u>2,581,151</u>
EXPENSES		
Instructional	1,897,838	1,410,990
Student activities	84,774	28,335
Administrative	819,931	472,963
Operations and maintenance	1,620,121	1,203,219
<i>Total expenses</i>	<u>4,422,664</u>	<u>3,115,507</u>
NON-OPERATING ACTIVITIES		
Rental income	<u>146,269</u>	<u>6,804</u>
<i>Total decrease in unrestricted fund net position</i>	<u>(302,249)</u>	<u>(527,552)</u>
RESTRICTED:		
Other restricted activity	<u>(83,333)</u>	<u>644,000</u>
<i>Increase (decrease) in restricted fund net position</i>	<u>(83,333)</u>	<u>644,000</u>
<i>Total increase (decrease) in fund net position</i>	<u>(385,582)</u>	<u>116,448</u>
Fund net position, beginning of year	<u>2,538,632</u>	<u>2,422,184</u>
<i>Fund net position, end of year</i>	<u><u>\$ 2,153,050</u></u>	<u><u>\$ 2,538,632</u></u>

LIONHEART CLASSICAL ACADEMY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for per pupil aid	\$ 2,888,525	\$ 2,404,766
Cash received for contributions and grants	858,254	590,881
Cash received for student activities income	37,931	26,706
Cash received for other income	265,463	106,150
Cash paid to suppliers, employees, and others	(3,603,033)	(2,511,240)
<i>Net cash provided by operating activities</i>	447,140	617,263
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	(404,601)	(662,163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments of line of credit	(200,000)	-
Proceeds from bond payable	1,495,000	-
Proceeds from long-term debt	358,000	-
<i>Net cash provided by financing activities</i>	1,653,000	-
<i>Net increase (decrease) in cash</i>	1,695,539	(44,900)
Cash, beginning of period	603,603	648,503
<i>Cash, end of period</i>	\$ 2,299,142	\$ 603,603
RECONCILIATION OF CHANGE IN FUND NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (decrease) in fund net position	\$ (385,582)	\$ 116,448
Adjustments to reconcile increase (decrease) in fund net position to net cash provided by operating activities:		
Depreciation	322,206	261,846
Amortization of right of use assets	363,884	358,826
Rent forgiveness	83,333	-
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	14,619	(71,352)
(Increase) decrease in prepaid expenses	21,164	(35,750)
Increase (decrease) in accounts payable and accrued expenses	19,776	(64,408)
Increase in interest payable	6,118	51,653
Increase in deferred revenue	1,622	-
<i>Net cash provided by operating activities</i>	\$ 447,140	\$ 617,263
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING		
Purchase of capital assets	\$ 1,579,601	\$ 662,163
Less: direct financing	(1,175,000)	-
<i>Cash paid for capital assets</i>	\$ 404,601	\$ 662,163
Contributions receivable	\$ 83,333	\$ 644,000
Less: in-kind rent	(83,333)	-
Less: decrease in investments	-	(644,000)
<i>Cash received for contributions receivable</i>	\$ -	\$ -
Proceeds from bond payable	\$ 2,670,000	\$ -
Less: direct financing	(1,175,000)	-
<i>Cash received for proceeds of bond payable</i>	\$ 1,495,000	\$ -

Note 1. Nature of Organization

Lionheart Classical Academy ("the School") was established in November 2021 after receiving its charter from the State of New Hampshire Department of Education under Chapter 194: B Charter Schools and Open Enrollment Act of the State of New Hampshire's Revised Statutes. The charter is for a five-year period and is subject to renewal at the discretion of the State of New Hampshire Department of Education. The School has all the rights and privileges of other public schools and operates as a public school.

The School's mission is: *To TRAIN the minds and INSPIRE the hearts of our students through a CLASSICAL LIBERAL ARTS AND SCIENCES education that supports academic achievement, virtuous living, and responsible citizenship.*

The School's vision is: *To be a nationally regarded K-12 classical school and serve as a local, regional, and national leader for the growth and promotion of a content-rich, knowledge-based curriculum for students.*

Note 2. Significant Accounting Policies

The accounting policies of the School are in accordance with accounting principles generally accepted in the United States as applicable to governmental units. The following is a summary of the School's significant accounting policies.

Financial statement presentation: The School, in accordance with *Governmental Accounting Standards Board (GASB) Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, is considered a special purpose governmental entity (Cod. Sec. SP20.105) that engages in only governmental type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared using the accrual basis of accounting and all of the activity is recorded in the governmental fund.

Criteria for determining if other entities are potential component units which should be reported within the School's financial statements are identified and described in the GASB's *Codification of Government Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Net position: Net position in the government-wide financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

The School's restricted funds are composed of amounts for contributions receivable.

NOTES TO FINANCIAL STATEMENTS

Fund balance: The School adheres to GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under GASB 54, the School is required to report information regarding its financial position and activities in a hierarchy based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources reported in the funds.

Gifts and contributions: The School accounts for contributions received in accordance with the GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with GASB 33, contributions received are recorded as restricted or unrestricted depending on the existence or nature of any donor restrictions.

The School has adopted the policy of reporting contributions restricted by the donor as increases in unrestricted funds if the restrictions expire in the reporting period in which the revenue is recognized.

Included in support are gifts in-kind which are valued at fair value at the date of the gift.

Basis of accounting: The accrual method of accounting is used for all governmental entities that operate as business type entities. Accordingly, revenue is recognized when earned and measurable, without regard to availability; capital assets and expenditures are recorded when received and incurred, respectively. Grants and contributions are recognized when all eligible requirements are met.

Tax status: The School was established under a charter granted by the State of New Hampshire Department of Education and operates as part of the State of New Hampshire and is therefore generally exempt from income taxes under Section 115. The School is also exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is required to file Form 990 annually.

The School has adopted the provisions of FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. Accordingly, management has evaluated the School's tax positions and concluded the School had maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the School is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for tax years before 2022.

Estimates and assumptions: The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Grants and contributions receivable: Grants and contributions receivable are recorded when all requirements of the grant or contribution are met. All grants are reimbursable grants based on expenses incurred by the end of the period. Grants and contributions receivable are presented net of an allowance for doubtful accounts. Grants and contributions receivable are written off when deemed uncollectible. At June 30, 2025 and 2024, no allowance for doubtful accounts was deemed necessary, as management believes all such receivables will be collected. There were no actual bad debts for the years ended June 30, 2025 and 2024.

LIONHEART CLASSICAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

Capital assets: Capital assets are recorded at cost if purchased or at fair value at the date of donation. Furniture and equipment or building improvements purchased with a cost or value greater than \$1,000 are capitalized. Depreciation is computed on the straight-line basis using the estimated useful lives of 3-7 years for furniture and equipment and 5-39.5 years for building and land improvements.

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets:				
Building and land improvements	\$ 2,136,748	\$ 81,238	\$ -	\$ 2,217,986
Furniture and fixtures	619,948	246,925	-	866,873
Construction in progress	-	1,251,439	-	1,251,439
<i>Total capital assets</i>	<u>2,756,696</u>	<u>1,579,602</u>	<u>-</u>	<u>4,336,298</u>
Less accumulated depreciation for:				
Building and land improvements	165,545	109,872	-	275,417
Furniture and fixtures	274,362	212,334	-	486,696
<i>Total accumulated depreciation</i>	<u>439,907</u>	<u>322,206</u>	<u>-</u>	<u>762,113</u>
<i>Total capital assets, net</i>	<u>\$ 2,316,789</u>	<u>\$ 1,257,396</u>	<u>\$ -</u>	<u>\$ 3,574,185</u>

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets:				
Building and land improvements	\$ 1,540,819	\$ 595,929	\$ -	\$ 2,136,748
Furniture and fixtures	459,189	160,759	-	619,948
Construction in progress	94,525	-	94,525	-
<i>Total capital assets</i>	<u>2,094,533</u>	<u>756,688</u>	<u>94,525</u>	<u>2,756,696</u>
Less accumulated depreciation for:				
Building and land improvements	64,279	101,266	-	165,545
Furniture and fixtures	113,782	160,580	-	274,362
<i>Total accumulated depreciation</i>	<u>178,061</u>	<u>261,846</u>	<u>-</u>	<u>439,907</u>
<i>Total capital assets, net</i>	<u>\$ 1,916,472</u>	<u>\$ 494,842</u>	<u>\$ 94,525</u>	<u>\$ 2,316,789</u>

Depreciation expense for the years ended June 30, 2025 and 2024 amounted to \$322,206 and 261,846, respectively, and was charged to operations and maintenance on the accompanying statements of activities and changes in fund net position.

LIONHEART CLASSICAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

Deferred revenue: Deferred revenue results from funds received in the current fiscal year for an auction fundraiser expected to take place in the subsequent year. Revenue will be reflected in the period in which this fundraiser is held.

Advertising costs: The School expenses all advertising costs as incurred. Advertising and recruitment expense amounted to \$9,073 and \$1,412 for the years June 30, 2025 and 2024, respectively.

Note 3. Building Lease

During the year ended June 30, 2022, the School entered into a building lease for 15 years and 10 months with the option to renew for an additional 10 years in Peterborough, NH. Commencing on October 1, 2021, the lease required community area maintenance (CAM) payments for the first 11 months of the lease in the amount of \$6,240 a month with no base rent. Effective September 1, 2022, the lease requires base rent to be paid in addition to the CAM charges. Base rent is calculated on the square footage the School is using during that respective year. For the lease year starting September 1, 2022, the base rent is \$24,917 a month. This base amount will increase by 3% each subsequent year afterwards. For the lease years starting September 1, 2024, September 1, 2025, and September 1, 2026, the premise occupied by the School will increase, causing the monthly rent and CAM payments to increase.

The School anticipates staying in the building for the entirety of the lease agreement as well as the additional option to renew for 10 years.

	June 30, 2025	June 30, 2024
Lease expense		
Amortization expense by class of underlying asset		
Building	\$ 358,826	\$ 358,826
Interest on lease liabilities	434,368	433,008
<i>Total</i>	<u>\$ 791,834</u>	<u>\$ 791,834</u>

At June 30, 2025, the right of use asset and accumulated amortization are as follows:

	Beginning of Year	Additions	End of Year
Lease Assets			
Building	\$ 9,239,766	\$ -	\$ 9,239,766
Less: Accumulated Amortization			
Building	(986,771)	(358,826)	(1,345,597)
Total Right of Use Asset, net	<u>\$ 8,252,995</u>	<u>\$ (358,826)</u>	<u>\$ 7,894,169</u>
Lease Liabilities	<u>\$ 9,196,130</u>	<u>\$ -</u>	<u>\$ 9,196,130</u>

Total amortization expense for the year ended June 30, 2025 amounted to \$358,826.

LIONHEART CLASSICAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

At June 30, 2024, the right of use asset and accumulated amortization are as follows:

	Beginning of Year	Additions	End of Year
Lease Assets			
Building	\$ 9,239,766	\$ -	\$ 9,239,766
Less: Accumulated Amortization			
Building	(627,945)	(358,826)	(986,771)
<i>Total Right of Use Asset, net</i>	<u>\$ 8,611,821</u>	<u>\$ (358,826)</u>	<u>\$ 8,252,995</u>
Lease Liabilities	<u>\$ 9,196,130</u>	<u>\$ -</u>	<u>\$ 9,196,130</u>

Total amortization expense for the year ended June 30, 2024 amounted to \$358,826.

At June 30, 2025, the future maturity of the lease liability is as follows:

Maturity Analysis	Principal	Interest	Total Payments
2026	\$ -	\$ 484,791	\$ 484,791
2027	-	557,081	557,081
2028	-	581,290	581,290
2029	61,556	534,062	595,618
2030	203,436	406,940	610,376
2031 - 2035	1,423,617	1,865,605	3,289,222
2036 - 2040	2,285,128	1,455,092	3,740,220
2041 - 2045	3,441,613	818,705	4,260,318
2046 - 2050	1,780,780	85,222	1,866,002
<i>Total Future Payments</i>	<u>\$ 9,196,130</u>	<u>\$ 6,788,788</u>	<u>\$ 15,984,918</u>

Total interest expense for the years ended June 30, 2025 and 2024 amounted to \$434,368 and \$433,008, respectively.

Note 4. SBITAs

During the year ended June 30, 2023, the School entered into four subscription based information technology agreements. The agreements are between three and five years with monthly payments ranging between \$100 and \$262.

	Year Ending June 30, 2025	Year Ending June 30, 2024
Lease expense		
Amortization expense by class of underlying asset SBITA - GASB 96	\$ 22,673	\$ 24,164

LIONHEART CLASSICAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

At June 30, 2025 the SBITAs were as follows:

	Beginning of Year	Additions	Subtractions	End of Year
Lease Assets				
SBITA - GASB 96	\$ 83,555	\$ -	\$ -	\$ 83,555
Less: Accumulated Amortization				
SBITA - GASB 96	(48,327)	(22,673)	-	(71,000)
<i>Total Lease Assets, net</i>	<u>\$ 35,228</u>	<u>\$ (22,673)</u>	<u>\$ -</u>	<u>\$ 12,555</u>
Lease Liabilities	<u>\$ 17,614</u>	<u>\$ (17,614)</u>	<u>\$ -</u>	<u>-</u>

At June 30, 2024 the SBITAs were as follows:

	Beginning of Year	Additions	Subtractions	End of Year
Lease Assets				
SBITA - GASB 96	\$ 83,555	\$ -	\$ -	\$ 83,555
Less: Accumulated Amortization				
SBITA - GASB 96	(24,163)	(24,164)	-	(48,327)
<i>Total Lease Assets, net</i>	<u>\$ 59,392</u>	<u>\$ (24,164)</u>	<u>\$ -</u>	<u>\$ 35,228</u>
Lease Liabilities	<u>\$ 41,778</u>	<u>\$ (24,164)</u>	<u>\$ -</u>	<u>\$ 17,614</u>

Note 5. Investments and Contributions Receivable

During the year ended June 30, 2022, the School received a pledge for \$1,000,000 to be fulfilled by shares of stock in Lionheart III Corporation, a publicly traded stock on the NASDAQ. This contribution gave naming rights for the School. In December 2022, the School received 100,000 shares of Lionheart III Corporation stock to fulfill the pledge. During the holding period ending June 30, 2023, the stock value decreased to a value of \$644,000. As a condition of the original pledge, if the School could not sell the stock for the full \$1,000,000, the donor agreed to make an additional contribution to make the School whole. As a result, a pledge receivable for this loss in value has been recorded at June 30, 2023.

During the year ended June 30, 2024, it was determined that the stock had no value. Due to this, the investment value at June 30, 2023 of \$644,000 has been reclassified as a contribution receivable at year.

A new agreement was signed related to the contribution receivable during the year ended June 30, 2025. The donor agreed to apply \$100,000 to twelve payments of rent as in-kind. The intended rent in-kind is recorded as current on the statement of financial position while the remaining balance is recorded as non-current on the statement of financial position. For the years ended June 30, 2025 and 2024, the remaining balances on this pledge was \$835,667 and \$919,000, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 6. Concentrations

During the years ended June 30, 2025 and 2024, \$3,279,133 or 84% and \$2,698,582 or 83% of the School's revenues were provided by the State of New Hampshire, respectively.

The School maintains cash accounts with a local financial institution. At times during the year ended June 30, 2025, the School maintained cash balances in excess of federally insured limits. At June 30, 2025 amounts on deposit in excess of FDIC limits amounted to approximately \$1,798,000.

Note 7. Contributed Equipment, Materials, and Services

The School records various types of in-kind contributions. Contributed services are recognized at fair value if services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

The amounts reflected in the accompanying financial statements as contributions are offset by like amounts included in expenses or additions to property and equipment.

The School received the following in-kind contributions:

	2025	2024
Contributed professional services	\$ 3,150	\$ 13,246
Contributed tangible assets	-	18,854
<i>Total</i>	<u>\$ 3,150</u>	<u>\$ 32,100</u>

Note 8. Line of Credit, Bond Payable and Long-Term Debt

During the year ended June 30, 2022, the School opened a working capital line of credit with NH HEFA with maximum borrowings of \$200,000, bearing interest at a fixed rate of 2.25%. For the years ended June 30, 2025 and 2024 amounts outstanding related to this working capital line of credit were \$- and \$200,000, respectively.

During the year ended June 30, 2025, the School entered into a loan in the amount of \$358,000. The loan requires 60 monthly payments of principal and interest (8% at June 30, 2025) of \$2,996 commencing on May 29, 2025. The loan is secured by all land, improvements, furniture, fixtures, goods, equipment and other assets as well as a collateral assignment of leases and rent. This loan is for the purpose of financing the acquisition of new property and to pay expenses related to the closing. At June 30, 2025 and 2024, the amount outstanding under this loan amounted to \$358,000 and \$-, respectively.

NOTES TO FINANCIAL STATEMENTS

During the year ended June 30, 2025, the School entered into a bond in the amount of \$2,670,000. The bond requires 300 monthly payments of principal and interest (5.07% at June 30, 2025) of \$15,834 commencing on May 1, 2026, with interest only payments until then. The bond's interest rate shall be restated every five years based off of the sum of the 5-year Federal Home Loan Bank of New York Five (5) Year Fixed Rate, plus 2.15%. The first reset date is May 1, 2035. The loan is secured by the business assets of the School and liens on the mortgaged property. At June 30, 2025 and 2024, the amount outstanding under this bond amounted to \$2,670,000 and \$-, respectively.

The bond has a debt service coverage ratio of a minimum of 1.20 to be measured annually starting with the year ended June 30, 2027.

Note 9. Subsequent Events

The School has evaluated subsequent events through October 9, 2025 the date which the financial statements were issued and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended June 30, 2025.

LIONHEART CLASSICAL ACADEMY

STATEMENT OF BUDGETARY COMPARISON Year Ended June 30, 2025

	Budgeted (Original and Final)	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES:			
State per pupil aid	\$ 2,873,900	\$ 2,906,155	\$ 32,255
Grants	182,000	372,978	190,978
Contributions	300,000	362,012	62,012
Student activities	20,003	37,931	17,928
Special education	123,059	106,529	(16,530)
Fundraising	100,000	91,967	(8,033)
Rental income	6,804	146,269	139,465
Other miscellaneous income	12,000	13,241	1,241
<i>Total income</i>	<u>3,617,766</u>	<u>4,037,082</u>	<u>419,316</u>
EXPENDITURES:			
Salaries	2,027,874	1,867,912	159,962
Employee benefits	138,251	83,768	54,483
Payroll taxes	171,387	177,524	(6,137)
Rent, related utilities, and building expenses	167,485	417,710	(250,225)
Supplies and textbooks	77,500	122,655	(45,155)
Equipment	111,090	59,272	51,818
Professional development	2,500	9,213	(6,713)
Professional fees	34,000	69,848	(35,848)
Outside services	119,943	180,110	(60,167)
Student activities	-	18,452	(18,452)
Depreciation expense	177,967	322,206	(144,239)
Amortization of right of use asset	428,680	798,253	(369,573)
Fundraising	25,000	28,701	(3,701)
Miscellaneous	23,500	267,040	(243,540)
<i>Total expenditures</i>	<u>3,505,177</u>	<u>4,422,664</u>	<u>(917,487)</u>
<i>Change in fund net position</i>	<u>\$ 112,589</u>	<u>\$ (385,582)</u>	<u>\$ (498,171)</u>

LIONHEART CLASSICAL ACADEMY

STATEMENT OF BUDGETARY COMPARISON Year Ended June 30, 2024

	Budgeted (Original and Final)	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES:			
State per pupil aid	\$ 2,510,288	\$ 2,470,910	\$ (39,378)
Grants	442,644	206,845	(235,799)
Contributions	300,000	337,515	37,515
Student activities	5,000	26,706	21,706
Special education	50,000	104,065	54,065
Fundraising	100,000	69,330	(30,670)
Rental income	-	6,804	6,804
Other miscellaneous income	-	9,780	9,780
<i>Total income</i>	<u>3,407,932</u>	<u>3,231,955</u>	<u>(175,977)</u>
EXPENDITURES:			
Salaries	1,564,265	1,431,051	133,214
Employee benefits	161,124	127,631	33,493
Payroll taxes	134,030	112,663	21,367
Rent, related utilities, and building expenses	157,452	126,916	30,536
Supplies and textbooks	135,468	49,504	85,964
Equipment	110,850	53,717	57,133
Professional development	3,000	3,069	(69)
Professional fees	39,000	48,539	(9,539)
Outside services	70,408	77,466	(7,058)
Student activities	-	6,080	(6,080)
Depreciation expense	178,696	261,846	(83,150)
Amortization of right of use asset	380,575	791,834	(411,259)
Fundraising	20,000	13,836	6,164
Miscellaneous	8,000	11,355	(3,355)
<i>Total expenditures</i>	<u>2,962,868</u>	<u>3,115,507</u>	<u>(152,639)</u>
<i>Change in fund net position</i>	<u>\$ 445,064</u>	<u>\$ 116,448</u>	<u>\$ (328,616)</u>

REQUIRED SUPPLEMENTAL INFORMATION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Board of Directors
Lionheart Classical Academy
Peterborough, New Hampshire 03458

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Lionheart Classical Academy ("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, and have issued our report thereon dated October 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Nathan Wechsler & Company".

Nathan Wechsler & Company
Professional Association