PENNSYLVANIA VIRTUAL CHARTER SCHOOL
KING OF PRUSSIA, PENNSYLVANIA

FINANCIAL STATEMENTS

JUNE 30, 2025

PENNSYLVANIA VIRTUAL CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

March 4, 2026

To the Board of Directors
Pennsylvania Virtual Charter School
King of Prussia, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pennsylvania Virtual Charter School, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("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 the Pennsylvania Virtual 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

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design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pennsylvania Virtual Charter School's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pennsylvania Virtual 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 the Pennsylvania Virtual Charter School's ability to continue as a going concern for a reasonable period of time.

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

To the Board of Directors
Pennsylvania Virtual Charter School

Report on Summarized Comparative Information

We have previously audited the Pennsylvania Virtual Charter School's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report March 4, 2026, on our consideration of the Pennsylvania Virtual 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pennsylvania Virtual Charter School's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

PENNSYLVANIA VIRTUAL CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 25,646,850	$ 23,560,903
Investments	15,412,736	14,539,998
Accounts receivable, net	7,843,596	5,492,506
Grants receivable	2,196,382	1,772,780
Prepaid expenses	72,477	4,337
Total Current Assets	51,172,041	45,370,524
NONCURRENT ASSETS:		
Land	918,892	918,892
Buildings and improvements	4,366,579	4,366,579
Furniture and equipment	2,374,065	2,364,295
Leased computer equipment	3,331,460	3,331,460
Less: Accumulated depreciation	(6,898,617)	(5,624,592)
Property and Equipment, Net	4,092,379	5,356,634
Security deposits	16,620	6,000
TOTAL ASSETS	$ 55,281,040	$ 50,733,158
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 996,971	$ 1,149,453
Other liabilities	3,096,624	5,483,568
Due to K-12, Inc.	400,269	468,106
Current portion of lease payable	259,583	1,038,092
Total Current Liabilities	4,753,447	8,139,219
NONCURRENT LIABILITIES:		
Lease payable	-	259,583
Compensated absences	219,607	388,791
Total Noncurrent Liabilities	219,607	648,374
Total Liabilities	4,973,054	8,787,593
NET ASSETS:		
Without donor restrictions	50,307,986	41,945,565
Total Net Assets	50,307,986	41,945,565
TOTAL LIABILITIES AND NET ASSETS	$ 55,281,040	$ 50,733,158

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

PENNSYLVANIA VIRTUAL CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Totals 2025	Totals 2024
PUBLIC SUPPORT AND REVENUE				
Public support:				
Operating subsidy	$ 54,941,257	$ -	$ 54,941,257	$ 55,455,521
Federal grants	-	2,417,906	2,417,906	6,704,076
State grants	-	136,339	136,339	55,584
Other income	1,162,541	-	1,162,541	507,891
Total Public Support	56,103,798	2,554,245	58,658,043	62,723,072
Revenue:				
Interest income	872,738	-	872,738	699,768
Total Revenue	872,738	-	872,738	699,768
Net assets released from restrictions:				
Satisfaction of program restrictions	2,554,245	(2,554,245)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	59,530,781	-	59,530,781	63,422,840
EXPENSES				
Program services:				
Instruction	28,764,653	-	28,764,653	24,885,543
IDEA	677,315	-	677,315	711,792
Title I	1,532,753	-	1,532,753	1,324,843
Title II	99,385	-	99,385	110,458
Title IV	108,453	-	108,453	97,733
ESSER	-	-	-	4,459,250
Total Program Services	31,182,559	-	31,182,559	31,589,619
Support services	19,985,801	-	19,985,801	19,512,864
TOTAL EXPENSES	51,168,360	-	51,168,360	51,102,483
CHANGE IN NET ASSETS	8,362,421	-	8,362,421	12,320,357
NET ASSETS, BEGINNING OF YEAR	41,945,565	-	41,945,565	29,625,208
NET ASSETS, END OF YEAR	$ 50,307,986	$ -	$ 50,307,986	$ 41,945,565

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

PENNSYLVANIA VIRTUAL CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Totals for 2024)

	Program Services							Totals	
	Instruction	IDEA	Title I	Title II	Title IV	Total Program Services	Support Services	2025	2024
Salaries	$ 10,452,377	$ -	$ 1,294,190	$ 95,887	$ 101,765	$ 11,944,219	$ 8,818,300	$ 20,762,519	$ 20,938,917
Benefits and payroll taxes	8,784,870	-	76,638	-	-	8,861,508	6,764,277	15,625,785	13,862,134
Total Salaries and Related Expenses	19,237,247	-	1,370,828	95,887	101,765	20,805,727	15,582,577	36,388,304	34,801,051
Advertising expense	-	-	-	-	-	-	966,524	966,524	1,009,949
Depreciation	101,922	-	-	-	-	101,922	1,172,103	1,274,025	1,285,153
Dues and fees	8,953	-	-	-	6,007	14,960	164,106	179,066	260,291
Insurance	-	-	-	-	-	-	172,275	172,275	134,053
Instructional software	5,579,484	-	51,642	-	681	5,631,807	-	5,631,807	6,300,085
Interest expense	-	-	-	-	-	-	107,452	107,452	194,969
Materials and books	1,047,036	-	110,283	3,498	-	1,160,817	-	1,160,817	1,872,879
Miscellaneous	-	-	-	-	-	-	12,021	12,021	662,213
Occupancy	-	-	-	-	-	-	357,943	357,943	352,090
Postage	8,832	-	-	-	-	8,832	167,804	176,636	238,843
Professional services	19,681	-	-	-	-	19,681	9,261	28,942	15,070
Repairs and maintenance	-	-	-	-	-	-	162,706	162,706	105,071
Special education services	2,146,962	677,315	-	-	-	2,824,277	-	2,824,277	2,654,836
Supplies and small equipment	126,806	-	-	-	-	126,806	-	126,806	137,014
Telephone and internet	143,946	-	-	-	-	143,946	1,111,029	1,254,975	766,478
Travel and entertainment	343,784	-	-	-	-	343,784	-	343,784	312,438
TOTAL EXPENSES	$ 28,764,653	$ 677,315	$ 1,532,753	$ 99,385	$ 108,453	$ 31,182,559	$ 19,985,801	$ 51,168,360	$ 51,102,483

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

PENNSYLVANIA VIRTUAL CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 8,362,421	$ 12,320,357
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,274,025	1,285,153
(Increase) Decrease in:		
Accounts receivable	(2,351,090)	(1,090,225)
Grants receivable	(423,602)	4,226,221
Prepaid expenses	(68,140)	112,893
Increase (Decrease) in:		
Accounts payable	(152,482)	89,869
Other liabilities	(2,386,944)	(490,721)
Due to K-12, Inc.	(67,837)	33,790
Compensated absences	(169,184)	107,011
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,017,167	16,594,348
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(9,770)	(9,822)
Purchase of investments	(872,738)	(14,539,998)
Security deposit (increase) decrease	(10,620)	(6,000)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(893,128)	(14,555,820)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Lease payments	(1,038,092)	(958,768)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(1,038,092)	(958,768)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,085,947	1,079,760
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,560,903	22,481,143
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 25,646,850	$ 23,560,903
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 107,452	$ 194,969

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

NOTE 1 NATURE OF THE ORGANIZATION

The mission of the Pennsylvania Virtual Charter School ("the School") is to provide Pennsylvania students with an excellent education, grounded in high academic standards, which will help them achieve their full academic and social potential. The School is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Act 22 of 1997.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the School have been prepared using the accrual basis of accounting.

Financial Statement Presentation

In accordance with the portion of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") regarding financial statements of not-for-profit organizations, the School is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the School is required to present a statement of cash flows.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The School has been classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(a)(iv) of the Internal Revenue Code. The School did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

Cash and Cash Equivalents

The School considers all short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments with readily determinable fair values are reported at fair value with gains and losses included in the statement of activities.

FASB ASC 820, *Fair Value Measurement*, provides the 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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities valued using models or other pricing methodologies that do not require significant judgment because the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable, supported by little or no market activity, and reflect significant management judgment. These values are generally determined using pricing models that utilize management's estimates of market participant assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts and Grants Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an assessment of the current status of individual receivables from grants, contracts, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Property and Equipment

Acquisitions of property and equipment in excess of $1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation is recognized over the estimated useful life of the assets utilizing the straight-line method, as follows:

Buildings and improvements	5 - 40 years
Furniture and equipment	3 - 7 years
Leased computer equipment	Life of lease

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Compensated Absences

School policies permit employees to accumulate earned but unused sick and vacation days. The policies limit the number of days employees may be paid out to five. The liabilities for these compensated absences are recorded as a liability in the financial statements.

Advertising Expense

The School is required to accept students from throughout the Commonwealth of Pennsylvania. Accordingly, the School advertises to ensure citizens of the Commonwealth are informed of the School's mission. The School expenses the production cost of advertising when incurred.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses are allocated to program and supporting services based upon employees' time for each function, purpose of each expenditure, and service provided for each program.

Use of Estimates in the Preparation of Financial Statements

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

NOTE 3 CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School maintains bank accounts at TD Bank, NA. Accounts at this institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At

NOTE 3 CASH AND CASH EQUIVALENTS (cont'd)

June 30, 2025, the carrying amount of the School's deposits totaled $25,646,850, and the bank balance was $26,631,164. Of the bank balance, $250,000 was covered by federal depository insurance, and $26,381,164 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the School's name. However, the exposed deposits were collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania.

NOTE 4 INVESTMENTS

Investments, stated at fair value, as of June 30, 2025 are as follows:

Certificates of deposit greater than 90 days	$ 15,412,736

Investment return, and its classification in the statement of activities, is summarized as follows:

	Without Donor Restrictions	Total
Interest income	$ 872,738	$ 872,738

Fair Value Measurement

The table below sets forth, by level, the School's financial assets that were accounted for at fair value as of June 30, 2025:

	Fair Value at Report Date Using:			
	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit greater than 90 days	$15,412,736	$ -	$15,412,736	$ -

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 consisted of the following:

Due from school districts and Pennsylvania Department of Education:	$ 8,319,959
Less: Allowance for doubtful accounts	(476,363)
Total	$ 7,843,596

NOTE 6 GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30, 2025:

School Health Annual Reimbursement System (SHARS)	$ 55,584
Federal receivables	2,140,798
Total	$ 2,196,382

NOTE 7 PROPERTY AND EQUIPMENT

A summary of changes in property and equipment is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Land	$ 918,892	$ -	$ -	$ 918,892
Buildings and improvements	4,366,579	-	-	4,366,579
Furniture and equipment	2,364,295	9,770	-	2,374,065
Leased computer equipment	3,331,460	-	-	3,331,460
	10,981,226	9,770	-	10,990,996
Accumulated depreciation	(5,624,592)	(1,274,025)	-	(6,898,617)
Total Property and Equipment, Net	$ 5,356,634	$ (1,264,255)	$ -	$ 4,092,379

NOTE 8 DUE TO K-12, INC.

In June 2009, the School entered into an agreement with K-12, Inc. to provide online curricula, instructional tools, materials, and other products through June 2025. Under this agreement, the School has purchased online curricula, instructional tools, materials, and other products totaling $3,923,594 for the year ended June 30, 2025.

K-12, Inc. is not a division or any part of the School. The School is a body corporate authorized under Pennsylvania Charter School Law and is not a division or a part of K-12, Inc. The relationship between the parties was developed and entered into through arms-length negotiations and is based solely on the terms of this agreement and those of any other agreements that may exist from time to time between the parties.

The line item “Due to K-12, Inc." shown on the statement of financial position represents amounts payable and due to K-12, Inc. for curriculum materials. The amount due as of June 30, 2025 was $400,269.

NOTE 9 LEASE OBLIGATION

The School acquired $3,331,460 of computers under a lease agreement with payments due yearly on June 1, beginning on June 1, 2023 through June 1, 2025, with a final payment for the remainder of the balance on August 1, 2026. The leased computers are depreciated over the life of the lease. Depreciation of the computers under the financing lease is included in depreciation expense. For the year ended June 30, 2025, the School recorded $1,110,487 of depreciation on the computers. The table below describes the future amounts due under the lease.

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 259,583	$ 25,417	$ 285,000
	$ 259,583	$ 25,417	$ 285,000

NOTE 10 SUBSCRIPTION AGREEMENT

In the current year, the School entered into a subscription agreement with Ring Central to provide monthly telephone and conferencing services. Subscription expense for the year ended June 30, 2025 was $52,883 and is included in telephone and internet in the statement of functional expenses.

Future payments under this subscription agreement are as follows:

Year Ending June 30,	
2026	$ 22,034
	$ 22,034

NOTE 11 PENSION PLAN

Plan Description

The School contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Commonwealth of Pennsylvania Public School Employees' Retirement System. The PSERS provides retirement and disability, legislative-mandated *ad hoc* cost-of-living adjustments, and certain healthcare insurance premium assistance to plan members and beneficiaries. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended)

NOTE 11 PENSION PLAN (cont'd)

provides the authority to establish and amend benefit provisions. The PSERS issues an annual comprehensive financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to the Public School Employees' Retirement System, P. O. Box 125, Harrisburg, Pennsylvania 17108-0125.

Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth. Eligible active members contribute at 7.5% of their qualifying compensation. Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2025, the rate of employer contribution was 33.90%, allocated 32.92% to pensions, 0.35% to Act 5 defined contribution, and 0.63% to health insurance. The School's contribution to PSERS for the years ended June 30, 2025, 2024, and 2023 was $7,027,982, $6,386,441, and $7,416,478, respectively, equal to the required contribution.

NOTE 12 COMMITMENTS AND CONTINGENCIES

The School is subject to various claims, legal proceedings, and investigations covering a wide range of matters that arise in the normal course of business. In the opinion of management, all such matters are adequately covered by insurance, and if not so covered are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of activities of the School if disposed of unfavorably.

NOTE 13 UNCERTAINTIES

Grants

The School receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audits by the grantors or their representatives. Any disallowed claims resulting from such audits could become a liability of the School. Management believes such disallowance, if any, would be immaterial.

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

The School's financial assets consist of cash and cash equivalents, investments, accounts receivable, and grants receivable.

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES (cont'd)

The following reflects the School's financial assets as of June 30, 2025, reduced by amounts not available for general use within one year of the statement of financial position date.

Financial assets, at year-end	$ 51,099,564
Financial assets available to meet cash needs for general expenditures within one year	$ 51,099,564

The School utilizes grant funding and funding from school districts for major capital expenditures and utilizes an annual budget and, therefore, does not include depreciation expense when evaluating operating expenses for liquidity purposes. The School has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

NOTE 15 UNCERTAINTY

The School receives a significant portion of its operating revenues from tuition payments from local education agencies, which are dependent upon appropriations made by the Commonwealth of Pennsylvania. On November 12, 2025, the Commonwealth enacted its budget for fiscal year 2025-2026, which includes provisions that may adversely affect funding for charter schools.

As a result of these provisions, management anticipates a potential reduction in revenues. While the ultimate impact of the budgetary changes is subject to interpretation, implementation, and potential legal or legislative actions, there can be no assurance that the School will receive funding at historical levels.

Management is actively evaluating the financial impact of these developments and has implemented, or plans to implement, measures to mitigate the effects of potential funding reductions. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 16 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through March 4, 2026, the date the financial statements were available to be issued.

SINGLE AUDIT INFORMATION

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*

March 4, 2026

To the Board of Directors
Pennsylvania Virtual Charter School
King of Prussia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pennsylvania Virtual Charter School ("the School"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2025, 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 March 4, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") as a basis for designing 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 School'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.

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To the Board of Directors
Pennsylvania Virtual Charter School

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Purpose of This Report

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

BTCPA
BARBACANE THORNTON & COMPANY

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

March 4, 2026

To the Board of Directors
Pennsylvania Virtual Charter School
King of Prussia, Pennsylvania

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Pennsylvania Virtual Charter School's ("the School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2025. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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To the Board of Directors
Pennsylvania Virtual Charter School

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors
Pennsylvania Virtual Charter School

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

PENNSYLVANIA VIRTUAL CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR/PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/2025	AMOUNT PASSED THROUGH TO SUB-RECIPIENTS
U.S. DEPARTMENT OF EDUCATION											
Passed through Montgomery County I.U.											
IDEA	I	84.027	062-24-0023	07/01/2023 - 09/30/2024	$ 711,792	$ -	$ 711,792	$ -	$ -	$ 711,792	$ -
IDEA	I	84.027	062-25-0023	07/01/2024 - 09/30/2025	676,772	-	-	676,772	676,772	676,772	-
Total ALN 84.027						-	711,792	676,772	676,772	1,388,564	-
IDEA Part B 619	I	84.173	131-24-0023	07/01/2024 - 09/30/2025	543	-	-	543	543	543	-
Total ALN 84.173						-	-	543	543	543	-
Total Special Education Cluster						-	711,792	677,315	677,315	1,389,107	-
Passed through Pennsylvania Department of Education											
Title I Grants - Improving Basic Programs	I	84.010	013-24-1018	07/01/2023 - 09/30/2024	1,440,122	922,234	806,955	115,279	115,279	-	-
Title I Grants - Improving Basic Programs	I	84.010	013-25-1018	07/01/2024 - 09/30/2025	1,417,474	759,185	-	1,417,474	1,417,474	658,289	-
Total ALN 84.010						1,681,419	806,955	1,532,753	1,532,753	658,289	-
Title II - Improving Teacher Quality	I	84.367	020-24-1018	07/01/2023 - 09/30/2024	110,459	70,535	70,535	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-25-1018	07/01/2024 - 09/30/2025	99,385	56,594	-	99,385	99,385	42,791	-
Total ALN 84.367						127,129	70,535	99,385	99,385	42,791	-
Title IV - Student Support & Academic Enrichment	I	84.424	144-23-1018	07/01/2022 - 09/30/2023	99,303	67,771	67,771	-	-	-	-
Title IV - Student Support & Academic Enrichment	I	84.424	144-24-1018	07/01/2023 - 09/30/2024	97,733	60,143	60,143	-	-	-	-
Title IV - Student Support & Academic Enrichment	I	84.424	144-25-1018	07/01/2024 - 09/30/2025	108,453	57,842	-	108,453	108,453	50,611	-
Total ALN 84.424						185,756	127,914	108,453	108,453	50,611	-
TOTAL U.S. DEPARTMENT OF EDUCATION						1,994,304	1,717,196	2,417,906	2,417,906	2,140,798	-
TOTAL EXPENDITURES OF FEDERAL AWARDS						$ 1,994,304	$ 1,717,196	$ 2,417,906	$ 2,417,906	$ 2,140,798	$ -

SOURCE CODE:

I - Indirect Funding

PENNSYLVANIA VIRTUAL CHARTER SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the Pennsylvania Virtual Charter School. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

NOTE B BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

NOTE C INDIRECT COST RATE

The School has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2025, there were no indirect costs included in the schedule of expenditures of federal awards.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PENNSYLVANIA VIRTUAL CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified*, *qualified*, *adverse*, *or disclaimer*]:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified?	______ Yes	X None reported
• Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal control over major program:

• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified?	______ Yes	X None reported

Type of auditor's report issued on compliance for major program [*unmodified*, *qualified*, *adverse*, *or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______ Yes	X No

Identification of major program:

Federal Assistance Listing Number	Name of Federal Program or Cluster
84.010	Title I Grants - Improving Basic Programs

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee?	______ Yes	X No

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

#2024-001

Condition

During our prior year audit, material journal entries were needed to correct the beginning balances of various asset, liability, and equity accounts. We also noted that the School was unable to identify the receipt of the federal IDEA funding receivable from fiscal year 2023, which was passed through the Montgomery County Intermediate Unit. This funding from 2023 was received in 2024; however, the client was unable to determine where the payment was posted. This resulted in federal receivables being overstated on the unadjusted trial balance. As a result, material adjustments were needed to correct the current year ending balances of accounts receivable, IDEA revenue, and interest income. The internal controls over financial reporting did not function properly and did not properly reconcile beginning account balances to the prior year audit report or current year receivable, IDEA revenue, and interest income balances. These changes also resulted in the School making periodic changes to the trial balances provided for the audit.

Criteria

The internal controls over financial reporting should reconcile account balances at the beginning and end of each period to ensure accounts are properly rolled forward to the next period.

Cause

Oversight of accounting staff during reconciliation process.

Effect

Material audit journal entries were required to correct beginning and ending account balances.

Recommendation

The internal controls over financial reporting should ensure balance sheet accounts are reconciled at least monthly to ensure accounts are properly rolled forward for each month. Beginning account balances for the start of the fiscal year should agree to the prior year audit report. Beginning monthly balances should agree the close of the prior month. Performing these regularly will ensure the trial balance and the general ledger agree to one another and ensure the accuracy of the account balances.

STATUS OF PRIOR YEAR FINDINGS

Status

During our current year audit, there were no material journal entries needed to correct beginning balances or federal funding. Therefore, this finding is no longer applicable.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.