

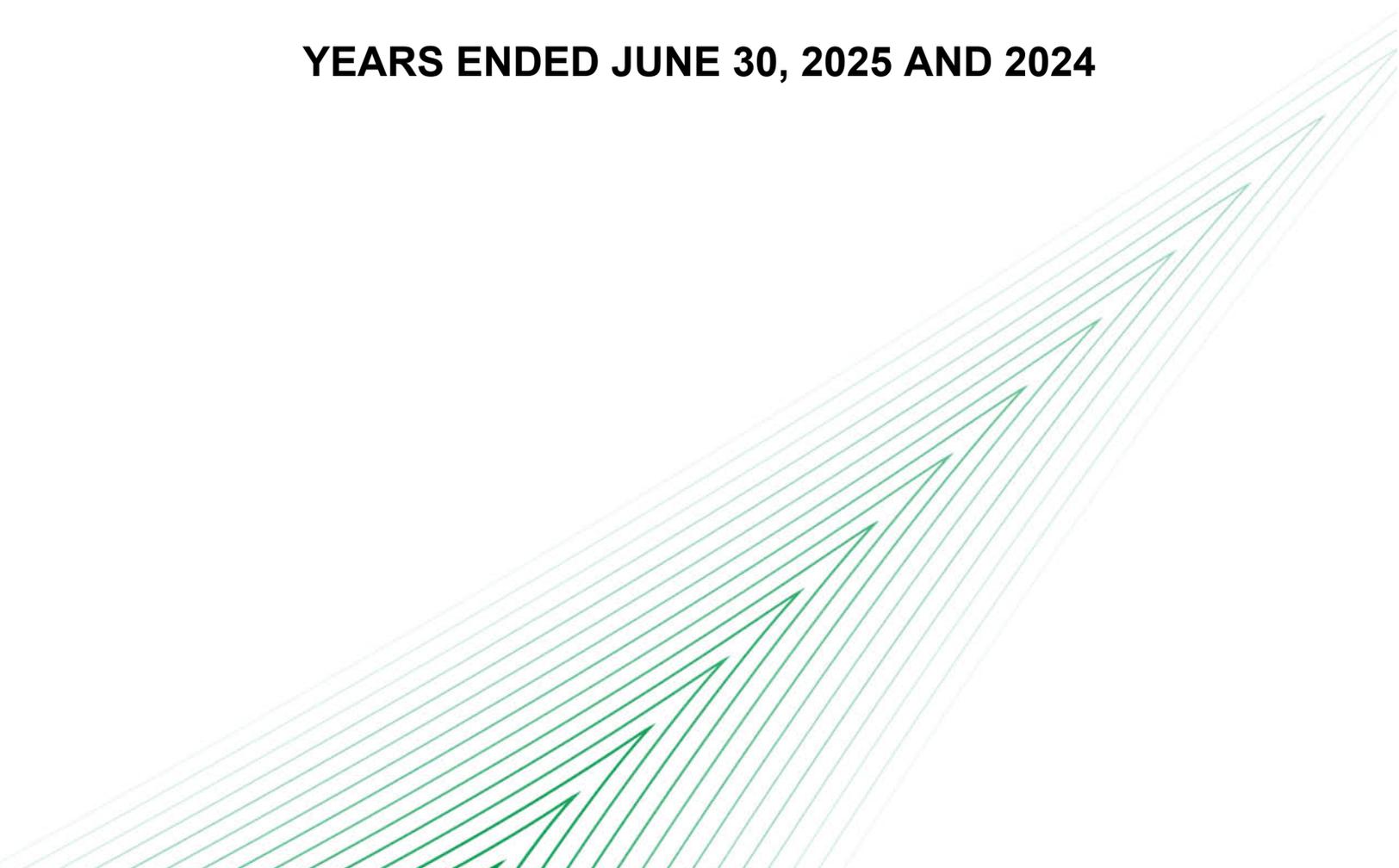


**THE INTERNATIONAL ACADEMY OF HOPE**



**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2025 AND 2024**



**THE INTERNATIONAL ACADEMY OF HOPE**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2025 AND 2024**

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## **Independent Auditors' Report**

The Board of Trustees  
The International Academy of Hope

### ***Opinion***

We have audited the financial statements of The International Academy of Hope ("IHOPE"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The International Academy of Hope as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of IHOPE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audits.
- 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 audits 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 IHOPE'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 IHOPE'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.

*CBIZ CPAs P.C.*

New York, NY  
December 19, 2025

**THE INTERNATIONAL ACADEMY OF HOPE**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 9)	\$ 4,589,882	\$ 194,728
Tuition receivable, net (Note 2D and 2E)	16,439,748	20,306,594
Pledges receivable, net (Note 2E and 2H)	102,802	222,360
Prepaid expenses and other assets	651,088	431,665
Operating lease right-of-use assets (Note 7)	43,195,751	43,967,899
Property and equipment, net (Notes 2F and 5)	<u>2,114,594</u>	<u>2,268,704</u>
<b>TOTAL ASSETS</b>	<u>\$ 67,093,865</u>	<u>\$ 67,391,950</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,038,851	\$ 1,019,431
Accrued salary	937,564	724,655
Accrued vacation	218,711	246,544
Accrued pension	332,573	260,160
Due to affiliates (Note 6)	218,092	3,093,232
Deferred revenue (Note 2G)	124,884	25,830
Operating lease liabilities (Note 7)	<u>45,252,203</u>	<u>45,075,219</u>
<b>TOTAL LIABILITIES</b>	<u>48,122,878</u>	<u>50,445,071</u>
<b>CONTINGENCIES (Note 8)</b>		
<b>NET ASSETS (Note 2B)</b>		
Without donor restrictions	18,825,959	16,872,145
With donor restrictions	<u>145,028</u>	<u>74,734</u>
<b>TOTAL NET ASSETS</b>	<u>18,970,987</u>	<u>16,946,879</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 67,093,865</u>	<u>\$ 67,391,950</u>

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

**THE INTERNATIONAL ACADEMY OF HOPE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>
<b>REVENUES AND SUPPORT</b>						
Tuition (Note 2D)	\$ 32,272,760	\$ -	\$ 32,272,760	\$ 27,218,832	\$ -	\$ 27,218,832
Government contracts	30,680	-	30,680	224,398	-	224,398
Contributions (Note 2H)	157,152	102,052	259,204	156,219	69,108	225,327
Special events (net of direct expenses of \$7,090)	74,441	-	74,441	-	-	-
Other income	-	-	-	640	-	640
Net assets released from restrictions (Notes 11)	<u>31,758</u>	<u>(31,758)</u>	<u>-</u>	<u>38,690</u>	<u>(38,690)</u>	<u>-</u>
<b>TOTAL REVENUES AND SUPPORT</b>	<u>32,566,791</u>	<u>70,294</u>	<u>32,637,085</u>	<u>27,638,779</u>	<u>30,418</u>	<u>27,669,197</u>
<b>EXPENSES (Note 2I)</b>						
Program services	26,955,169	-	26,955,169	22,830,415	-	22,830,415
Management and general	3,608,413	-	3,608,413	3,144,473	-	3,144,473
Fundraising expenses	<u>49,395</u>	<u>-</u>	<u>49,395</u>	<u>44,881</u>	<u>-</u>	<u>44,881</u>
<b>TOTAL EXPENSES</b>	<u>30,612,977</u>	<u>-</u>	<u>30,612,977</u>	<u>26,019,769</u>	<u>-</u>	<u>26,019,769</u>
<b>CHANGE IN TOTAL NET ASSETS</b>	1,953,814	70,294	2,024,108	1,619,010	30,418	1,649,428
Net assets - beginning of year	<u>16,872,145</u>	<u>74,734</u>	<u>16,946,879</u>	<u>15,253,135</u>	<u>44,316</u>	<u>15,297,451</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18,825,959</u>	<u>\$ 145,028</u>	<u>\$ 18,970,987</u>	<u>\$ 16,872,145</u>	<u>\$ 74,734</u>	<u>\$ 16,946,879</u>

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

**THE INTERNATIONAL ACADEMY OF HOPE  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	Year Ended June 30, 2025				Year Ended June 30, 2024			
	Program Services	Management and General	Fundraising	Total 2025	Program Services	Management and General	Fundraising	Total 2024
Salaries	\$ 14,683,667	\$ 958,475	\$ -	\$ 15,642,142	\$ 12,387,588	\$ 813,899	\$ -	\$ 13,201,487
Payroll taxes and employee benefits (Note 10)	3,046,297	198,817	-	3,245,114	2,466,129	162,031	-	2,628,160
Total salaries and related costs	17,729,964	1,157,292	-	18,887,256	14,853,717	975,930	-	15,829,647
Contracted services	1,689,966	-	-	1,689,966	1,318,004	23,342	-	1,341,346
Management support services (Note 6)	-	1,585,210	47,310	1,632,520	-	1,374,236	42,668	1,416,904
Professional fees	750,350	113,821	-	864,171	630,395	131,817	-	762,212
Program recreational and supplies	259,329	-	-	259,329	215,659	-	-	215,659
Food	3,289	136	-	3,425	7,265	2,021	-	9,286
Transportation	543	256	-	799	260	1,807	-	2,067
Office and equipment expense	240,102	2,212	-	242,314	135,364	25,054	-	160,418
Staff development	169,998	20,017	-	190,015	123,600	18,356	-	141,956
Occupancy	3,927,762	163,657	-	4,091,419	4,091,854	170,955	-	4,262,809
Repairs and maintenance	640,959	155,514	-	796,473	656,864	27,443	-	684,307
Insurance	107,381	83,009	-	190,390	106,172	71,986	-	178,158
Utilities	53,580	2,232	-	55,812	41,915	1,751	-	43,666
Telephone	6,707	29,119	-	35,826	5,884	29,674	-	35,558
Information technology	40,495	4,150	-	44,645	33,580	8,214	-	41,794
Depreciation and amortization (Note 5)	46,828	195,646	-	242,474	37,372	212,302	-	249,674
Bad debt (2E)	1,287,916	-	-	1,287,916	563,083	-	-	563,083
Bank fee	-	-	-	-	-	62,500	-	62,500
Miscellaneous	-	96,142	9,175	105,317	9,427	7,085	2,213	18,725
Subtotal	26,955,169	3,608,413	56,485	30,620,067	22,830,415	3,144,473	44,881	26,019,769
Less: Cost of direct benefit to donors	-	-	(7,090)	(7,090)	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 26,955,169</b>	<b>\$ 3,608,413</b>	<b>\$ 49,395</b>	<b>\$ 30,612,977</b>	<b>\$ 22,830,415</b>	<b>\$ 3,144,473</b>	<b>\$ 44,881</b>	<b>\$ 26,019,769</b>

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

**THE INTERNATIONAL ACADEMY OF HOPE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,024,108	\$ 1,649,428
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	242,474	249,674
Bad debt	1,287,916	563,083
Reduction in carrying amount of right-of-use assets – operating leases	949,132	784,866
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Tuition receivable	2,578,930	(8,141,683)
Pledges receivables	119,558	40,060
Prepaid expenses and other assets	(219,423)	43,381
Due from affiliates		1,229,594
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	19,420	16,129
Accrued salaries and other benefits	257,489	280,763
Due to affiliates	(2,875,140)	3,093,232
Deferred revenue	99,054	1,555
Operating lease liabilities	-	164,266
	<u>4,483,518</u>	<u>(25,652)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(88,364)	(81,672)
	<u>(88,364)</u>	<u>(81,672)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,395,154	(107,324)
Cash and cash equivalents - beginning of year	194,728	302,052
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,589,882</u>	<u>\$ 194,728</u>

**THE INTERNATIONAL ACADEMY OF HOPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The International Academy of Hope (the “Academy”) was formed during 2013 for the purpose of serving as a non-public, non-profit school and an educational institution for children with a brain injury and/or brain-based disorders. The Academy was granted a provisional three-year charter from the Regents of the University of New York on October 22, 2013. The Academy is currently in the process of renewing its charter and being licensed by the New York City Department of Education (the “NYCDOE”).

The International Center of Hope (the “Center”) was formed during fiscal 2016 for the purpose of advancing the mission of the Academy by preventing, identifying, treating and eventually curing the number one cause of death and disability for American youth, pediatric acquired brain injury, as well as other brain-based disorders. After receiving approval from the Board of Trustees and the New York State Attorney General’s Office, the Academy and Center entered into a transaction whereby all of the Center’s assets and liabilities were transferred to the Academy. Effective July 1, 2021, the Center ceased operations, with the Certificate of Incorporation of the Academy being the Certificate of Incorporation of the surviving entity without any amendments or changes. Subsequent to the effective date of the transfer, the business of the combined corporations is conducted through the Academy as the surviving organization. The Center was dissolved effective June 12, 2023.

The accompanying financial statements reflect the activities of the Academy. The Academy is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has an equivalent exemption from income tax at the state and local levels. IHOPE is supported primarily by tuition income.

IHOPE is a part of the Young Adult Institute, Inc. (“YAI”) Network, which is a network of non-profit agencies operating programs and services for children and adults with developmental disabilities throughout New York City, the Hudson Valley, Long Island and California. YAI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Effective March 1, 2018, IHOPE entered into a management agreement with YAI to undertake, on its behalf, functions in regard to business and administrative services of IHOPE. Effective July 1, 2019, YAI became the sole member of the Academy.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. ***Basis of Accounting and Use of Estimates*** – IHOPE’s financial statements are prepared on the accrual basis of accounting. IHOPE adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

B. ***Basis of Net Asset Presentation*** – IHOPE maintains its net assets under the following classes:

Without Donor Restrictions – This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of IHOPE’s operations over which the Board of Directors has discretionary control.

With Donor Restrictions – This represents net assets subject to donor-imposed stipulations that will be met by actions of IHOPE and/or by the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

C. ***Cash and Cash Equivalents*** – IHOPE considers highly liquid debt instruments with maturities of three months or less, when acquired, to be cash equivalents.

D. ***Tuition Fees and Receivables*** – Tuition receivable is comprised of student fees and tuition owed from the NYCDOE. Such an estimate is based upon assessments performed by IHOPE or upon agreements entered into with the student’s parents, and subject to executed stipulation agreements with the NYCDOE. Interest is not accrued or recorded on outstanding balances.

**THE INTERNATIONAL ACADEMY OF HOPE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Service revenue from tuition and fees is derived from contracts with customers. Revenue is reported at the amount that reflects the consideration to which IHOPE expects to be entitled in exchange for providing the contracted services. Service revenue is recognized after the services are performed or after IHOPE has completed its portion of the contract.

Tuition and fees are recorded as revenue in the period in which the tuition and fees relate to the school year. Deferred tuition is tuition payments committed prior to June 30, but which are applicable to the following academic year. These amounts are deferred and recognized as revenue in the fiscal year that educational services are provided.

Tuition and fees ending contract balances related were as follows as of June 30:

	2025	2024
Tuition receivable, net	\$ 16,439,748	\$ 20,306,594
Deferred revenue	\$ 124,884	\$ 25,830

- E. **Allowance for Credit Losses and Doubtful Accounts** – IHOPE determines whether an allowance for credit losses should be provided for tuition receivable. Such estimate is based on management’s assessment of the aged basis of its receivables, current economic conditions, collections subsequent to year-end and historical experience. As of June 30, 2025 and 2024, IHOPE determined that an allowance of approximately \$2,063,000 and \$1,068,000, respectively, was necessary for tuition receivable. IHOPE wrote off \$85,783 of tuition receivable for the year ended June 30, 2025, \$0 was written off for the year ended June 30, 2024.

IHOPE determines whether an allowance for uncollectible receivables should be provided for pledges receivable. As of June 30, 2025 and 2024, IHOPE determined that no allowance was necessary for pledges receivable. Such estimate is based on management’s assessment of the aged basis of its receivables, current economic conditions, collections subsequent to year-end and historical experience. IHOPE wrote-off \$206,172 and \$0 of pledges receivable for the years ended June 30, 2025 and 2024, respectively.

The analysis of the allowance for credit losses for the year ended June 30, 2025 is as follows:

Balance, beginning of the year	\$ 1,067,529
Write-offs	(85,783)
Provisions during the year	1,081,744
Balance, end of the year	\$ 2,063,490

- F. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. Property and equipment is capitalized by IHOPE provided its cost is \$5,000 or more and its useful life is greater than one year.
- G. **Deferred Revenue** – IHOPE receives deposits and prepayments in advance from students of the upcoming school year. These deposits are recorded as liabilities and are applied against the students’ tuition in the period in which they are earned. All deposits are expected to be earned in the next fiscal year.
- H. **Contributions** – Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. IHOPE reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets.

**THE INTERNATIONAL ACADEMY OF HOPE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions are nonexchange transactions and are accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Contributions are recognized when barriers within the contract are overcome, and there is no right of return/release from obligation.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in greater than one year are recorded at the net present value of the estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

- I. **Functional Expenses** – The costs of providing program and supporting services of IHOPE have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain expenses have been allocated among the program and supporting services benefited. The expenses that are allocated include depreciation and amortization, which is allocated on a prorated basis, as well as payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES**

IHOPE regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maintain a balanced budget. IHOPE has various sources of liquidity at its disposal, including cash and cash equivalents and tuition receivables that provide funding for operations and expenditures as needed. IHOPE strives to maintain liquid financial assets sufficient to cover expenditures. Tuition revenue from funders is expected to cover most expenses. In addition, as noted in Note 1, YAI is the sole member of IHOPE, which can aid if there are unanticipated shortfalls.

Financial assets available for general expenditure within one year of the statements of financial position date, without donor or other restrictions limiting their use, were as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,589,882	\$ 194,728
Tuition receivable, net	16,439,748	20,306,594
Pledge receivables to be collected within one year	43,891	55,000
Net assets with donor restrictions	<u>(145,028)</u>	<u>(74,734)</u>
	<u>\$ 20,928,493</u>	<u>\$ 20,481,588</u>

**NOTE 4 – PLEDGES RECEIVABLE, NET**

Pledges receivable, net, consist of the following as of June 30:

Amounts expected to be collected in:	<u>2025</u>	<u>2024</u>
Less than one year	\$ 43,891	\$ 55,000
One to five years	<u>65,000</u>	<u>189,283</u>
	108,891	244,283
Discount to present value at 1.26%	<u>(6,089)</u>	<u>(21,923)</u>
	<u>\$ 102,802</u>	<u>\$ 222,360</u>

Pledges receivables are related to capital campaign for leasehold improvements work for the site and the school, which has been completed. There are no implicit time restrictions on the related capital campaign pledges receivable due to be collected in future years.

**THE INTERNATIONAL ACADEMY OF HOPE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 1,485,767	\$ 1,485,766	4 – 6 years
Equipment, furniture and fixtures	1,569,519	1,470,410	3 – 5 years
Construction in progress	<u>-</u>	<u>10,745</u>	
	3,055,286	2,966,921	
Less: accumulated depreciation and amortization	<u>(940,692)</u>	<u>(698,217)</u>	
	<u>\$ 2,114,594</u>	<u>\$ 2,268,704</u>	

Depreciation and amortization expense amounted to \$242,475 and \$249,674 for the years ended June 30, 2025 and 2024, respectively. There were no disposals during the year ended June 30, 2025.

**NOTE 6 – RELATED-PARTY TRANSACTIONS**

IHOPE entered into a management agreement with YAI effective March 1, 2018 to provide management services which include, but are not limited to: accounting and financial operations, administrative and program support, human resources, education and training, information technology, and general management. For the years ended June 30, 2025 and 2024, IHOPE incurred management support service fees of \$1,632,520 and \$1,416,904, respectively. As of June 30, 2025 and 2024, IHOPE has a liabilities of \$218,092 and \$3,091,42, respectively, for operating costs paid by YAI on IHOPE’s behalf.

As of June 30, 2025 and 2024, due to affiliates consist of \$218,062 and \$3,091,421 to YAI and \$0 and \$1,811 to Manhattan Star Academy (“MSA”), respectively.

IHOPE, MSA and Premier Healthcare, Inc. (“PHC”) have a sibling affiliation in the YAI network, whereby YAI is sole member of the organizations. IHOPE received advances for operating costs during the year ended June 30, 2024.

**NOTE 7 – OPERATING LEASES**

During the year ended June 30, 2025, IHOPE had two property leases for an office space, and a retail space. Payments for the lease commenced on May 1, 2023, and will end on April 30, 2053. As of June 30, 2025 and 2024, the right-of-use (“ROU”) asset had a balance of \$43,195,751 and \$43,967,899, respectively, as shown in the statements of financial position; the lease liability totaled \$45,252,203 and \$45,075,219, respectively, as shown in the statements of financial position.

The lease liabilities were calculated utilizing IHOPE’s incremental borrowing rate of 3.25% for leases of vehicles and equipment in effect at the initial adoption date of July 1, 2020, and incremental borrowing rate of 7.36% for leases of real property in effect at the lease commencement date of May 1, 2023.

**THE INTERNATIONAL ACADEMY OF HOPE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 7 – OPERATING LEASES (Continued)**

The future minimum rentals under lease agreements as of June 30, 2025 are as follows:

	<u>Real Property</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
2026	\$ 3,140,905	\$ 3,520	\$ 3,144,425
2027	3,140,905	-	3,140,905
2028	3,203,896	-	3,203,896
2029	3,518,853	-	3,518,853
2030	3,518,853	-	3,518,853
Thereafter	<u>99,372,400</u>	<u>-</u>	<u>99,372,400</u>
Total Lease Payment	115,895,812	3,520	115,899,332
Less: Present Value Discount	<u>(70,647,086)</u>	<u>(43)</u>	<u>(70,647,129)</u>
	<u>\$ 45,248,726</u>	<u>\$ 3,477</u>	<u>\$ 45,252,203</u>

Rent expense for the years ended June 30, 2025 and 2024 amounted to \$4,090,037, respectively.

The following table summarizes the weighted-average remaining lease term and weight-average discount rate for the years ended June 30:

Weighted-average remaining lease term in years:

	<u>2025</u>	<u>2024</u>
Operating leases	27.83	28.83

Weighted-average discount rate:

	<u>2025</u>	<u>2024</u>
Operating leases	7.36%	7.36%

**NOTE 8 – CONTINGENCIES**

- A. IHOPE believes it has no uncertain tax positions as of June 30, 2025 and 2024 in accordance with FASB Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. There are various legal proceedings currently pending against IHOPE. While it is not feasible to predict or determine with certainty the outcome of each case, it is the opinion of management in consultation with legal counsel that the outcomes will not have a material adverse effect on the accompanying financial statements.

**NOTE 9 – CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents that potentially subject IHOPE to a concentration of credit risk include cash accounts with a bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of June 30, 2025 and 2024, there was approximately \$4,397,000 and \$0, respectively, of cash that exceeded FDIC limits.

**NOTE 10 – RETIREMENT PLAN**

On January 1, 2019, IHOPE adopted the YAI Network Affiliates 403(b) Plan (the “Plan”) with matching contributions from IHOPE effective July 1, 2019. Contributions to the Plan are based on amounts determined in accordance with the Internal Revenue Code Section 415. For the years ended June 30, 2025 and 2024, retirement expense amounted to \$244,645 and \$196,446, respectively.

**THE INTERNATIONAL ACADEMY OF HOPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

IHOPE's net assets with donor restrictions consist of donor restricted contributions of \$145,028 and \$74,734 as of June 30, 2025 and 2024, respectively. Net assets are released from donor restrictions by incurring costs and satisfying restricted purposes. There were \$31,758 and \$38,690 of net assets released from restriction for the years ended June 30, 2025 and 2024, respectively.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through December 19, 2025, the date the financial statements were available to be issued.