

**NOBLE NETWORK OF CHARTER  
SCHOOLS, SUBSIDIARIES AND  
AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

YEARS ENDED JUNE 30, 2024 AND 2023

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## **Independent Auditors' Report**

Board of Directors  
Noble Network of Charter Schools

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Noble Network of Charter Schools, Subsidiaries and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Noble Network of Charter Schools, Subsidiaries and Affiliate as of June 30, 2024 and 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Noble Network of Charter Schools, Subsidiaries and Affiliate 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Noble Network of Charter Schools, Subsidiaries and Affiliate's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Noble Network of Charter Schools, Subsidiaries and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Noble Network of Charter Schools, Subsidiaries and Affiliate'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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024 on our consideration of Noble Network of Charter Schools, Subsidiaries and Affiliate’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 Noble Network of Charter Schools, Subsidiaries and Affiliate’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Noble Network of Charter Schools, Subsidiaries and Affiliate’s internal control over financial reporting and compliance.

*Ostrow Reisin Berk & Abrams, Ltd.*

October 25, 2024

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30,	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 36,766,859	\$ 41,368,849
Investments	75,600,550	59,968,859
Accounts receivable	4,569,912	3,053,893
Current portion of contributions receivable	1,034,163	717,391
Prepaid expenses	3,933,823	3,566,900
Cash equivalents - restricted by bond indenture	1,439,605	1,348,405
<b>Total current assets</b>	<b>123,344,912</b>	<b>110,024,297</b>
<b>Property and equipment, net</b>	<b>102,900,547</b>	<b>102,836,311</b>
Other assets:		
Contributions receivable, net of current portion	30,000	277,001
Investments - restricted for student scholarships	773,530	753,758
Leverage loan notes receivable - NMTC		19,099,222
Operating lease right-of-use assets	40,807,609	31,020,793
Deposits	707,266	721,266
<b>Total other assets</b>	<b>42,318,405</b>	<b>51,872,040</b>
<b>Total assets</b>	<b>\$ 268,563,864</b>	<b>\$ 264,732,648</b>

*See notes to consolidated financial statements.*

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

June 30,	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current maturities of bonds payable	\$ 1,259,139	\$ 1,124,139
Current maturities of notes payable - NMTC		141,890
Accounts payable and accrued expenses	20,150,840	15,496,578
Current maturities of operating lease liabilities	3,738,489	4,487,434
Deferred revenue	9,996	500,000
<b>Total current liabilities</b>	<b>25,158,464</b>	<b>21,750,041</b>
Long-term liabilities:		
Bonds payable, net of unamortized bond issuance costs and current maturities	29,889,428	31,144,822
Notes payable - NMTC, net of unamortized debt issuance costs and current maturities		26,519,114
Operating lease liabilities, net of current maturities	40,630,363	29,856,484
<b>Total long-term liabilities</b>	<b>70,519,791</b>	<b>87,520,420</b>
<b>Total liabilities</b>	<b>95,678,255</b>	<b>109,270,461</b>
Net assets:		
Without donor restrictions:		
Board-designated	15,000,000	15,000,000
Undesignated	136,443,807	119,497,650
<b>Total without donor restrictions</b>	<b>151,443,807</b>	<b>134,497,650</b>
<b>With donor restrictions</b>	<b>21,441,802</b>	<b>20,964,537</b>
<b>Total net assets</b>	<b>172,885,609</b>	<b>155,462,187</b>
<b>Total liabilities and net assets</b>	<b>\$ 268,563,864</b>	<b>\$ 264,732,648</b>

*See notes to consolidated financial statements.*

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

Years ended June 30,	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue:						
Per pupil funding	\$ 191,028,545		\$ 191,028,545	\$ 179,287,765		\$ 179,287,765
Other CPS funding	1,193,654		1,193,654	1,472,903		1,472,903
Federal Titles I, II, III, IV, NSLP, MCJROTC, and E-Rate	18,944,653		18,944,653	16,330,616		16,330,616
ESSER federal funding	11,218,224		11,218,224	13,198,650		13,198,650
Campus revenues	1,442,999		1,442,999	2,870,330		2,870,330
Tuition - Noble Day Care	657,150		657,150	770,234		770,234
Private and government contributions and grants	5,020,903	\$ 3,550,687	8,571,590	2,041,140	\$ 19,657,501	21,698,641
Summer of a Lifetime	402,570	1,155,733	1,558,303	307,455	1,104,856	1,412,311
Contributed goods and services	4,826,958		4,826,958	6,508,462		6,508,462
Investment income, net	7,001,812		7,001,812	4,080,650		4,080,650
Other revenues	199,576		199,576	375,573		375,573
Net assets released from restrictions	4,229,155	(4,229,155)		6,607,200	(6,607,200)	
<b>Total revenue</b>	<b>246,166,199</b>	<b>477,265</b>	<b>246,643,464</b>	<b>233,850,978</b>	<b>14,155,157</b>	<b>248,006,135</b>
Expenses:						
Program services	210,841,456		210,841,456	201,466,254		201,466,254
Supporting services:						
Management and general	25,491,257		25,491,257	30,336,704		30,336,704
Fundraising	466,544		466,544	544,789		544,789
<b>Total expenses</b>	<b>236,799,257</b>		<b>236,799,257</b>	<b>232,347,747</b>		<b>232,347,747</b>
Change in net assets before other income	9,366,942	477,265	9,844,207	1,503,231	14,155,157	15,658,388
Other income:						
Forgiveness of debt from NMTC unwind	7,579,215		7,579,215			
Change in net assets	16,946,157	477,265	17,423,422	1,503,231	14,155,157	15,658,388
Net assets:						
Beginning of year	134,497,650	20,964,537	155,462,187	132,994,419	6,809,380	139,803,799
End of year	\$ 151,443,807	\$ 21,441,802	\$ 172,885,609	\$ 134,497,650	\$ 20,964,537	\$ 155,462,187

*See notes to consolidated financial statements.*



**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,	2024				2023			
	Program services	Supporting Services		Total	Program services	Supporting Services		Total
		Management and general	Fundraising			Management and general	Fundraising	
Contracted services and consulting	\$ 7,916,397	\$ 3,399,819	\$ 99,372	\$ 11,415,588	\$ 6,780,809	\$ 5,123,780	\$ 177,398	\$ 12,081,987
CPS administrative fee		4,964,402		4,964,402		4,638,746		4,638,746
Depreciation and amortization	6,672,863	56,789		6,729,652	6,039,059	56,789		6,095,848
Educational materials, technology and instruction equipment	12,172,595	557,038	8,120	12,737,753	10,521,683	647,385	16,935	11,186,003
Employee benefits and payroll taxes	30,351,970	2,517,485	52,117	32,921,572	29,153,759	2,621,358	52,850	31,827,967
Food	9,240,747	143,545		9,384,292	6,236,362	65,678	560	6,302,600
Interest	2,165,995			2,165,995	2,317,319	8,186		2,325,505
Occupancy	22,131,272	641,332	71	22,772,675	20,594,649	688,770	2,514	21,285,933
Office	924,003	393,058	45,972	1,363,033	855,817	700,593	26,375	1,582,785
Professional development and staff recruitment	2,727,954	722,437	15,932	3,466,323	2,642,626	789,442	19,824	3,451,892
Salaries	104,401,871	11,817,935	243,960	116,463,766	104,529,365	13,039,378	248,333	117,817,076
Scholarships	692,386			692,386	963,333			963,333
Student activities and related expenses	9,468,608	277,417	1,000	9,747,025	9,073,446	1,956,599		11,030,045
Summer of a Lifetime - student programs	1,974,795			1,974,795	1,758,027			1,758,027
<b>Total expenses</b>	<b>\$ 210,841,456</b>	<b>\$ 25,491,257</b>	<b>\$ 466,544</b>	<b>\$ 236,799,257</b>	<b>\$ 201,466,254</b>	<b>\$ 30,336,704</b>	<b>\$ 544,789</b>	<b>\$ 232,347,747</b>

*See notes to consolidated financial statements.*

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended June 30,	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 17,423,422	\$ 15,658,388
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,729,652	6,095,848
Bad debt	27,205	1,795,158
Write-off of food cost liability		(1,766,633)
Amortization of debt issuance costs	73,476	88,100
Forgiveness of debt from NMTC unwind	(7,579,215)	
Net realized and unrealized gain on investments	(2,758,173)	(801,138)
Amortization of operating lease right-of-use assets	3,850,787	4,279,309
(Increase) decrease in operating assets:		
Accounts receivable	(1,543,224)	11,476,130
Contributions receivable	(69,771)	1,190,751
Prepaid expenses	(366,923)	977,047
Deposits	14,000	(20,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	4,359,650	(2,013,184)
Operating lease liabilities	(3,612,669)	(4,418,649)
Deferred revenue	(490,004)	(1,172,256)
Net cash provided by operating activities	<b>16,058,213</b>	31,368,871
Cash flows from investing activities:		
Purchases of investments	(40,287,093)	(16,842,008)
Proceeds from sales of investments	27,367,366	26,009,847
Purchase of property and equipment	(6,499,276)	(8,271,755)
Net cash provided by (used in) investing activities	<b>(19,419,003)</b>	896,084

*See notes to consolidated financial statements.*

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

Years ended June 30,	2024	2023
Cash flows from financing activity:		
Payments on bonds payable	\$ (1,150,000)	\$ (1,010,000)
Net cash used in financing activity	<b>(1,150,000)</b>	(1,010,000)
Net change in cash, cash equivalents and restricted cash equivalents	<b>(4,510,790)</b>	31,254,955
Cash, cash equivalents and restricted cash equivalents, beginning of year	<b>42,717,254</b>	11,462,299
Cash, cash equivalents and restricted cash equivalents, end of year	<b>\$ 38,206,464</b>	\$ 42,717,254
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<b>\$ 2,288,988</b>	\$ 2,254,239
Supplemental disclosure of non-cash investing and financing activity:		
Purchase of property and equipment included in accounts payable and accrued expenses	<b>\$ 1,137,884</b>	\$ 843,272
Reconciliation of cash, cash equivalents and restricted cash equivalents reported within the consolidated statements of financial position that sum to the total of the same such accounts shown in the consolidated statements of cash flows:		
Cash and cash equivalents	<b>\$ 36,766,859</b>	\$ 41,368,849
Cash equivalents - restricted by bond indenture	<b>1,439,605</b>	1,348,405
Total cash, cash equivalents and restricted cash equivalents shown in the consolidated statements of cash flows	<b>\$ 38,206,464</b>	\$ 42,717,254

*See notes to consolidated financial statements.*

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Organization and purpose**

Noble Network of Charter Schools (the School) was formed to provide educational and community opportunities for youths. During the years ended June 30, 2024 and 2023, the School served the following students:

Opened in August	Years ended June 30,	<b>2024</b>	2023
1999	Noble Street College Prep	<b>672</b>	652
2006	Rauner College Prep	<b>596</b>	656
2006	Pritzker College Prep	<b>986</b>	968
2007	Rowe Clark College Prep	<b>342</b>	384
2007	Golder College Prep	<b>637</b>	647
2008*	Gary Comer College Prep	<b>1,023</b>	1,036
2008	UIC College Prep	<b>913</b>	890
2009	Muchin College Prep	<b>920</b>	847
2009	Chicago Bulls College Prep	<b>1,129</b>	1,160
2010	Johnson College Prep	<b>458</b>	470
2012	Hansberry College Prep	<b>506</b>	488
2012	DRW College Prep	<b>367</b>	348
2013	Baker College Prep	<b>244</b>	266
2013	Butler College Prep	<b>642</b>	630
2014	ITW David Speer Academy	<b>1,101</b>	1,103
2014	The Noble Academy	<b>522</b>	591
2016	Mansueto High School	<b>1,062</b>	1,047
		<b>12,120</b>	12,183

\*Includes Gary Comer Middle School which opened in August 2011.

The School is supported through per pupil funding from Chicago Public Schools, grants from state and federal agencies, various community and corporate foundations and the general public. The School received approximately 77% and 72% of its support from per pupil funding from Chicago Public Schools during the years ended June 30, 2024 and 2023, respectively.

The School is subject to a Charter agreement with the Board of Education of the City of Chicago (Chicago Public Schools or CPS). The agreement was for an original term of five years which has been routinely renewed since the School's inception. The most recent renewal was for four years expiring on June 30, 2028. In addition, the School has been certified as a charter school by the Illinois State Board of Education (ISBE).

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **1. Organization and purpose (continued)**

The School is governed by a Board of Directors that is comprised of at least 20 and no more than 25 members, who serve one-year terms until their successors shall have been selected and qualified. Directors are elected annually.

Under state law, Chicago Public Schools has oversight responsibility to verify that the School complies with the requirements and meets the expectations of a public educational system. The School is expected to satisfy regulations and compliance requirements defined by Chicago Public Schools.

One of the School's initiatives, the Summer of a Lifetime Program, supports low-income, minority scholars of the School that are provided funding and support to participate in summer academic enrichment programs on college campuses nationwide. The program is funded by philanthropic support.

### **2. Summary of significant accounting policies**

#### **Basis of accounting:**

The School's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

#### **Principles of consolidation:**

The consolidated financial statements include the accounts of Noble Day Care, L3C (Noble Day Care) and Mansueto High School, LLC, of which the Noble Network of Charter Schools (the Network) is the sole member and manager, and the Noble Network Education Foundation (the Foundation) collectively referred to as "the School." The Network and the Foundation have common control since the Network appoints two of the five Foundation Directors (Appointed Directors) with the remaining three elected Directors selected from a slate of nominees approved by the Appointed Directors. The Foundation was dissolved in May 2024. All significant inter-organization transactions and balances have been eliminated in the consolidation.

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **2. Summary of significant accounting policies (continued)**

#### **Net assets:**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions** - Net assets available for use in general operations and not subject to donor or grantor restrictions. The School's Board of Directors have designated, from net assets without donor restrictions, net assets for specified purposes. The School's Board-designated net assets as of June 30, 2024 and 2023 consist of funds designated for instructional and educational expenses to be used at the discretion of campus administration, upon approval of the CEO, as well as amounts to be used for future maintenance and repair costs of campus buildings.

**Net assets with donor restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. See Note 20 for a description of net assets with donor restrictions at June 30, 2024 and 2023.

#### **Cash equivalents:**

The School considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

#### **Accounts receivable:**

Accounts receivable consist of grants and other amounts due from Chicago Public Schools and other governmental agencies net of an allowance for doubtful accounts. The School estimates the allowance based on an analysis of specific account history and experience. It is the School's policy to charge off uncollectible accounts receivable when management determines that the receivable will not be collected. An allowance for doubtful accounts is considered unnecessary and is not provided as of June 30, 2024 and 2023.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Contributions receivable:**

Contributions receivable include unconditional promises to give net of an allowance for doubtful accounts. The School estimates the allowance based on an analysis of specific donor history and experience. Contributions receivable due in more than one year are discounted using a risk-adjusted rate of return to reflect the present value of the receivables. The amount of discount was insignificant and was not recorded as of June 30, 2024 and 2023.

June 30,	2024	2023
Receivable due in less than one year	\$ 1,034,163	\$ 717,391
Receivable due in one to five years	30,000	277,001
Total contributions receivable	\$ 1,064,163	\$ 994,392

Management believes that all amounts are collectible and no allowance for doubtful accounts has been recorded as of June 30, 2024 and 2023.

**Bond and NMTC issuance costs:**

Debt issuance costs are recorded on the consolidated statements of financial position as a direct deduction from the face amount of debt. Amortization of debt issuance costs is reflected as interest expense on the consolidated statements of functional expenses.

**Property and equipment:**

Property and equipment are stated at cost or, if donated, at the approximate fair value at date of donation. Amortization of leasehold improvements is provided ratably over the lesser of the term of the lease or the estimated life of the improvements. Depreciation is provided over the estimated useful life of the assets using the straight-line method. Major additions over \$5,000 are capitalized while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Property and equipment: (continued)**

Useful lives are as follows:

Leasehold improvements	2-19 years
Buildings	39 years
Building improvements	2-39 years
Equipment	5 years
Furniture	5 years
Software	5 years
Automobiles	5 years

The School reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. An impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

**Deferred revenue:**

Deferred revenue results from the School receiving cash for conditional contributions and grants of which the conditions have not yet been met.



# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **2. Summary of significant accounting policies (continued)**

#### **Revenue and revenue recognition:**

The School has the following types of revenue:

Per pupil funding, other CPS funding, federal revenue (including Title funding, National School Lunch Program, MCJROTC, and E-Rate), and Elementary and Secondary School Emergency Relief (ESSER) Fund federal funding

The School receives a student allocation from Chicago Public Schools as well as other state and local and federal entitlement funding to cover the cost of educational expenses. Per pupil tuition is calculated by CPS and determined by ISBE as defined by statute, and varies year-to-year as the following fluctuate: CPS' expenditures, expenditure composition, categorical revenue including appropriations authorized by the Illinois General Assembly and subsequent approval by CPS of its budget on an annual basis, and student attendance. Per pupil tuition includes an allotment for instruction and operations, facility costs (for schools operating in independent facilities), and special education. This revenue is recognized ratably over the school year. Other state and local entitlements, supplemental state aid, and other CPS funding are allocated by CPS and recognized as revenue ratably over the school year. Federal entitlements such as Title and ESSER funding are also allocated by CPS and are recognized as revenue as allowable costs are incurred. National School Lunch Program revenue is recognized as revenue when meals are served to qualifying students. MCJROTC revenue is recognized as allowable costs are incurred. E-Rate revenue is recognized when eligible program expenses are incurred and approved. All of these revenue categories are accounted for as non-exchange transactions as the benefit to the resource provider is incidental to the public benefit received by the students served by the School.

#### Campus revenues

Campus revenues include annual school fees, uniform fees and other fees charged to students for optional educational activities, such as sports, graduation, prom, textbooks, summer school, and night school fees. Campus revenues are considered to be exchange transactions and accounted for as revenue from contracts with customers.

#### Tuition – Noble Day Care

Tuition revenue for Noble Day Care is considered to be an exchange transaction and accounted for as revenue from contracts with customers.

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **2. Summary of significant accounting policies (continued)**

#### **Revenue and revenue recognition: (continued)**

##### Contributions and grants and Summer of a Lifetime

The School recognizes contributions and grants when cash, securities or other assets, or an unconditional promise to give (pledge) is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

##### Contributed goods and services

Contributed goods are reflected as contributions at their fair value at date of donation and are reported as contributions without donor restrictions unless explicit donor stipulations specify how donated assets must be used. In addition, the School recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Contributed goods are not sold and goods and services are only utilized by the School. There were no donor restrictions for contributed goods and services received during the years ended June 30, 2024 and 2023. The fair value of the contributed rent was based on recent comparable rental prices. Contributed food and office supplies are valued at estimated fair value using estimates of wholesale value. Professional services are valued at estimated fair value using standard industry pricing for similar services.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Revenue and revenue recognition: (continued)**

Contributed goods and services (continued)

During the years ended June 30, 2024 and 2023, contributed goods and services were allocated as follows:

Years ended June 30,	2024	2023
Program services:		
Food	\$ 286,634	\$ 486,043
Occupancy (rent)	4,408,107	4,386,220
Office (supplies)	131,217	131,303
<b>Total program services</b>	<b>4,825,958</b>	5,003,566
Management and general:		
Contracted services and consulting	1,000	1,504,896
<b>Total</b>	<b>\$ 4,826,958</b>	<b>\$ 6,508,462</b>

**Leases:**

The School determines whether a contract is a lease at the contract's inception. Identified leases are subsequently measured, classified, and recognized at lease commencement as either a finance lease or an operating lease. Operating lease right-of-use assets and operating lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments to be made over the expected lease term. Only lease options that the School believes are reasonably certain to be exercised are included in the measurement of operating lease right-of-use assets and operating lease liabilities. The lease payments are discounted to present value using a discount rate based on a term commensurate with the lease terms at the lease commencement date. The School has elected to use a risk-free discount rate for all underlying assets. The portion of payments on operating lease liabilities related to interest, along with the amortization of the related right-of-use assets, is recognized as operating lease expense. Operating lease expense is recognized on a straight-line basis over the term of the lease.

The School elected to treat the lease and non-lease components of a lease as a single lease component for all classes of underlying assets.

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **2. Summary of significant accounting policies (continued)**

#### **Leases: (continued)**

The School has a multi-year lease agreement for Noble Day Care which provides for a unilateral right to terminate the arrangement with no more than an insignificant penalty. Termination however requires a 180-day notice period. As such, enforceable terms of the contract are on a rolling 180 days.

The School elected to apply the short-term lease recognition and measurement exemption for all leases with a term of one year or less. Lease payments for short-term leases are recognized in the consolidated statements of activities on a straight-line basis over the term of the lease.

#### **Expense allocation:**

The costs of programs and supporting service activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, employee benefits and payroll taxes, occupancy and depreciation and amortization. Salaries and employee benefits and payroll taxes are allocated on the basis of estimates of time and effort. Occupancy and depreciation and amortization are allocated based on square footage utilized for program and supporting services. All other expenses are reported using the direct allocation method. Expenses for program services represented approximately 89% and 87% of total expenses for the years ended June 30, 2024 and 2023, respectively.

#### **Use of estimates:**

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated financial statements. Accordingly, actual results could differ from those estimates.

#### **Subsequent events:**

Management has evaluated subsequent events through October 25, 2024, the date that the consolidated financial statements were available to be issued.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**3. Liquidity and availability**

The following represents the School's financial assets available to meet general expenditures within one year at June 30, 2024 and 2023:

June 30,	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 36,766,859	\$ 41,368,849
Investments	75,600,550	59,968,859
Accounts receivable	4,569,912	3,053,893
Contributions receivable	1,064,163	994,392
Cash equivalents - restricted by bond indenture	1,439,605	1,348,405
Investments - restricted for student scholarships	773,530	753,758
Leverage loan notes receivable - NMTC		19,099,222
Total financial assets	<b>120,214,619</b>	126,587,378
Less amounts not available to be used within one year:		
Cash equivalents - restricted by bond indenture	1,439,605	1,348,405
Investments - restricted for student scholarships	773,530	753,758
Funds related to a conditional grant for which conditions have not been met		500,000
Leverage loan notes receivable - NMTC (less principal and accrued interest expected to be received within one year)		19,004,200
Net assets without donor restrictions - Board-designated	15,000,000	15,000,000
Net assets with donor restrictions (net of amounts available to be spent within one year)	13,441,802	13,964,537
Total amounts not available to be used within one year	<b>30,654,937</b>	50,570,900
Financial assets available to meet general expenditures within one year	<b>\$ 89,559,682</b>	\$ 76,016,478

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **3. Liquidity and availability (continued)**

The School's goal is to maintain financial assets to meet debt requirements and to pay expenditures and liabilities when due. The School's cash flows have seasonal variations during the fiscal year primarily attributable to the quarterly cash advances of per pupil and supplemental aid funding from CPS. As part of its liquidity plan, excess cash that is not required to meet payable, payroll, debt and other obligations within the month is invested in various instruments, including money market accounts, mutual funds and corporate bonds. The School monitors cash balances on a daily basis and transfers funds between investments and checking accounts based on expenditures and liabilities due. The School has quarterly meetings with its investment advisor to review investment performance and overall plan.

### **4. Tax status**

The School is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service has determined that the School is not a private foundation within the meaning of Section 509(a) of the Code. Management has determined that the School was not required to record a liability related to uncertain tax positions as of June 30, 2024 and 2023.

### **5. Concentration of credit risk**

The School maintains its cash in bank accounts which, at times, exceed federally-insured limits. At June 30, 2024 and 2023, cash in excess of these limits totaled approximately \$15,000,000 and \$28,000,000, respectively. Management believes that the School is not exposed to any significant credit risk on cash.

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **6. Fair value measurements**

The three levels of the fair value hierarchy are described as follows:

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Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.
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Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable for the asset or liability;</li><li>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul>
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If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**6. Fair value measurements (continued)**

Following is a description of the valuation methodology used for financial instruments measured at fair value:

Mutual funds and corporate bonds are stated at fair value based on quoted prices in active markets.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes that its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the School's financial instruments at fair value as of June 30, 2024 and 2023:

June 30,	2024	2023
Level 1 investments:		
Fixed income mutual funds	\$ 29,266,971	\$ 27,478,620
Equity mutual funds	13,572,504	11,897,370
Corporate bonds	33,534,605	21,346,627
Total investments and investments - restricted for student scholarships	\$ 76,374,080	\$ 60,722,617

**Risks and uncertainties:**

The School invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.



**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**7. Property and equipment**

Property and equipment are as follows:

June 30,	2024	2023
Leasehold improvements	\$ 60,467,792	\$ 56,470,985
Buildings	51,885,861	51,672,836
Building improvements	29,812,121	28,950,404
Land	6,423,651	6,423,651
Equipment	19,147,888	17,592,032
Furniture	2,100,640	2,095,485
Software	1,247,329	1,247,329
Automobiles	1,436,312	950,507
	<b>172,521,594</b>	165,403,229
Accumulated depreciation and amortization	<b>(70,778,603)</b>	(64,048,951)
	<b>101,742,991</b>	101,354,278
Construction in progress	<b>1,157,556</b>	1,482,033
Property and equipment, net	<b>\$ 102,900,547</b>	\$ 102,836,311

**8. Leverage loan notes receivable – NMTC and notes payable – NMTC**

**2017 New Market Tax Credits:**

The School entered into a NMTC transaction in March 2017 to finance and reimburse the School for the purchase and construction of a new school facility and to finance related equipment and furniture for its Mansueto High School located in a Qualified Census Tract.

In conjunction with the NMTC transaction, the School received a bridge loan of \$12,000,000 from JPMorgan Chase Bank, N.A. to fund a \$19,004,200 leverage loan (note receivable – 2017 NMTC) to Chase NMTC Mansueto Investment Fund, LLC (the NMTC Investment Fund). The note receivable – 2017 NMTC is payable by the NMTC Investment Fund over 30 years and matures on March 31, 2047. The NMTC Investment Fund will pay interest only at a rate of 1.00% (\$190,042 per year) for the initial seven years after which time annual principal and interest payments due from the NMTC Investment Fund will be \$929,036.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**8. Leverage loan notes receivable – NMTC and notes payable – NMTC  
(continued)**

**2017 New Market Tax Credits: (continued)**

As collateral for the note, the NMTC Investment Fund has assigned its 99.99% interest in (i) BH New Markets Sub-CDE XIII, LLC (the BMO CDE); (ii) SCORE Sub-CDE 9, LLC, (the SCORE CDE), and (iii) CNI Subsidiary CDE 1, LLC (the CNI CDE), together with the BMO CDE and SCORE CDE, the “CDEs” (collectively, the “Mansueto NMTC Lender”).

As part of the NMTC transaction, the School received a loan for \$26,700,000 from the Mansueto NMTC Lender. The loan was comprised of two tranches, QLICI Note A and QLICI Note B from each of the CDEs (collectively referred to as notes payable – 2017 NMTC). The notes payable include a simple interest rate of 1.32599% with interest due annually over the life of the notes. The notes shall mature on the earlier of March 31, 2047 or the date which the unpaid principal balance becomes due and payable by acceleration or otherwise pursuant to the loan documents or the exercise by the Mansueto NMTC Lender of any right or remedy. Under Notes A and B, the School will pay interest only annually for the initial seven years of \$354,039 after which annual principal and interest payments will be \$1,347,296. The loan agreement is collateralized by a first priority mortgage of the Mansueto building and assignments of rents.

The NMTC compliance period ended on April 9, 2024. Effective on April 9, 2024, the NMTC unwind began when Chase Community Equity, LLC (the NMTC investor) exercised its put option and gave the notes payable – 2017 NMTC to the School for \$1,000. As a result of the NMTC unwind, the School was able to gain control of and cancel the \$26,700,000 notes payable – 2017 NMTC, which was offset by its forgiveness of the \$19,004,200 note receivable – 2017 NMTC. The School realized a net gain of \$7,579,215 on the forgiveness of debt from the NMTC unwind.

**Leverage loan notes receivable – NMTC:**

Leverage loan notes receivable – NMTC outstanding at June 30, 2023 are summarized below:

	Original note	Accrued interest	Total
2017 NMTC	\$ 19,004,200	\$ 95,022	\$ 19,099,222

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**8. Leverage loan notes receivable – NMTC and notes payable – NMTC  
(continued)**

**Notes payable – NMTC:**

Notes payable – NMTC outstanding at June 30, 2023 are summarized below:

<u>June 30, 2023</u>	
Notes payable – 2017 NMTC	\$ 26,700,000
Unamortized NMTC – notes payable issuance costs	(38,996)
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Notes payable – NMTC, net	26,661,004
Current portion	(141,890)
<hr/>	
Long-term portion, net	\$ 26,519,114

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**9. Bonds payable**

Bonds payable are summarized as follows:

June 30,	2024	2023
Series 2015 bonds with interest only payable semi-annually on March 1 and September 1, at rates ranging from 1.5% to 5%. Principal payments (net of reoffering premiums of \$867,614 at June 30, 2024 and \$978,813 at June 30, 2023) are payable annually on September 1 through maturity in 2032. The bonds are collateralized by various campus facilities.	<b>\$ 12,487,614</b>	\$ 13,663,813
Series 2013 bonds with interest only payable semi-annually on March 1 and September 1, at rates ranging from 6% to 6.25%. Principal payments (net of discounts of \$56,069 at June 30, 2024 and \$59,812 at June 30, 2023) are payable annually beginning September 1, 2023 through maturity in 2039. The bonds are collateralized by various campus facilities.	<b>19,858,931</b>	19,940,187
Total bonds payable	<b>32,346,545</b>	33,604,000
Unamortized bond issuance costs	<b>(1,197,978)</b>	(1,335,039)
Bonds payable, net	<b>31,148,567</b>	32,268,961
Current portion	<b>(1,259,139)</b>	(1,124,139)
Long-term portion, net	<b>\$ 29,889,428</b>	\$ 31,144,822

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**9. Bonds payable (continued)**

The loan agreements relating to the bonds require the School to comply with certain financial covenants and places restrictions on various activities, such as the transfer of assets and incurrence of additional indebtedness. At June 30, 2024, the School was in compliance with all of the financial covenants.

Future minimum principal payments are as follows:

Year ending June 30:	Amount
2025	\$ 1,285,000
2026	1,380,000
2027	1,455,000
2028	1,540,000
2029	1,625,000
Thereafter	24,250,000
Total principal payments	31,535,000
Discount	(56,069)
Reoffering premium	867,614
Bonds payable	\$ 32,346,545

**10. Line of credit**

The School entered into a line of credit agreement for \$20,000,000 which matured on February 29, 2024. Interest on any draws from the line of credit was at one month SOFR, plus 1.15% (effective interest rate of 6.22% as of June 30, 2023). The agreement included a non-usage fee of .45% and the line of credit was collateralized by an investment account held at the same financial institution. There were no outstanding draws on the line of credit at June 30, 2023. The line of credit was not renewed subsequent to its maturity date of February 29, 2024.

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **11. Revenue from contracts with customers**

#### **Tuition - Noble Day Care:**

Noble Day Care tuition fees are derived from day care services provided to families served by Noble Day Care. The tuition fees are charged at the beginning of each month and recognized using the output method as day care services are provided during that month. Payment for the tuition fees is due upon invoicing to the family, which generally occurs in advance of the day care service to be provided.

#### **Campus revenues:**

##### Annual school fees

School fees are derived from education services provided to students served by the School. Revenue from school fees is earned from providing education services during the academic school year which runs from August through June. Students are charged a flat fee at the onset of the school year for education services to be provided for that particular school year. The fees are recognized ratably over the life of the school year using the output method as education services are provided.

##### School activities

The School charges fees to students for optional educational activities. These fees are charged and due prior to the performance of the activity and recognized at a point in time upon registration.

##### Uniforms

Fees for uniforms are recognized at a point in time when the good is transferred to the student. The student is required to pay for the uniform at the point in time when the good is transferred to the student.

As of June 30, 2024 and 2023, all education and day care services have been completed, and thus, there are no remaining performance obligations outstanding.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**11. Revenue from contracts with customers (continued)**

**Disaggregation of revenue from contracts with customers:**

Revenue from contracts with customers disaggregated by category for the years ended June 30, 2024 and 2023 is as follows:

Years ended June 30,	2024	2023
Revenue recognized over time:		
Annual school fees	\$ 861,427	\$ 2,050,521
Tuition - Noble Day Care	657,150	770,234
<b>Total revenue recognized over time</b>	<b>1,518,577</b>	<b>2,820,755</b>
Revenue recognized at a point in time:		
School activities	276,736	318,259
Uniforms	304,836	501,550
<b>Total revenue recognized at a point in time</b>	<b>581,572</b>	<b>819,809</b>
<b>Total contract revenue</b>	<b>\$ 2,100,149</b>	<b>\$ 3,640,564</b>

**Contract balances:**

Receivables from contracts with customers represent amounts billed to students of the School or families at Noble Day Care related to their education or day care experience and for which the School has an unconditional right to receive payment due to the absence of a right of refund. The School determined that any outstanding receivables related to school fees, at the conclusion of the school year were uncollectible, and accordingly, were written off.

Receivables from contract revenue at June 30, 2024, 2023 and 2022 were \$49,155, \$32,365 and \$993,043, respectively, and are included with accounts receivable on the consolidated statements of financial position.

During the years ended June 30, 2024 and 2023, the School recognized bad debt expense on customer accounts of \$27,205 and \$1,795,158, respectively.

There were no contract assets or contract liabilities as of June 30, 2024, 2023 and 2022.

# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **11. Revenue from contracts with customers (continued)**

#### **Significant judgments:**

Significant judgment is required in determining the appropriate approach to applying the revenue recognition criteria. While the accounting criteria for recognizing revenue from contracts with customers is generally applied to an individual contract with a customer, as a practical expedient, the School applies this guidance to a portfolio of contracts (or performance obligations) with similar characteristics. The School reasonably expects that the effects of applying this guidance to the portfolio would not differ materially from applying the guidance to the individual contracts (or performance obligations) within the portfolio.

For campus revenues, the School has determined that students can be grouped into a single portfolio for each of the performance obligations. Similarly, for Noble Day Care tuition, the School has determined that families can be grouped into a single portfolio for the performance obligations. Based on the School's experience, students at the School and families at Noble Day Care, have similar characteristics concerning the School's approach to revenue recognition. Agreements concerning enrollment and student or family financial responsibility each contain terms which clarify the performance obligations and are fundamentally the same. Refunds and fee adjustments issued by the School are treated on a case by case basis and are generally infrequent.

Significant judgment is also required to assess collectibility which is assessed at the onset of the contract using the portfolio approach and revenue is recognized at the amount management expects to collect from its customers when performance obligations have been satisfied.

### **12. Conditional promises to receive**

The School records revenue associated with conditional promises to receive when the conditions have been substantially met. As of June 30, 2024, the School has approximately \$2,125,000 of conditional promises associated with mental health services (\$42,000), college programs (\$200,000) and capital expenditures (\$1,883,000). Conditions were met for part of a capital expenditures grant in September 2024 and the School received approximately \$1,474,000 of awarded funds.

### **13. Commitments and contingencies**

The School has received funds from state and federal granting agencies during the years ended June 30, 2024 and 2023 which are subject to audits by the granting agencies. Management believes that any adjustments that might arise from these audits would be insignificant to the School's operations.



# **NOBLE NETWORK OF CHARTER SCHOOLS, SUBSIDIARIES AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **14. Scholarship funds**

In recognition of a grant received, the School committed to fund a \$10,000 scholarship per year in perpetuity from its operating budget.

In addition, the School has received contributions restricted to fund scholarships. Scholarships are awarded through an application process and based on financial need and merit.

### **15. School lunch program**

For the years ended June 30, 2024 and 2023, the School has contracted with a third party to administer the School's breakfast, lunch and summer food service program under an annual agreement with optional one-year renewals. Under this agreement, the School collects all fees related to this program and purchases the necessary quantity of meals through the third party.

### **16. Self-insurance program**

The School maintains a self-insurance program for its employees' health care costs. The School is liable for losses on claims up to \$155,000 per covered person and up to approximately \$12,611,000 (PPO) and \$2,928,000 (HMO) in aggregate for 2024 and up to approximately \$12,716,000 (PPO) and \$2,857,000 (HMO) in aggregate for 2023. The School has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the date of the consolidated financial statements as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was approximately \$877,000 and \$779,000 as of June 30, 2024 and 2023, respectively, and is included in accounts payable and accrued expenses on the consolidated statements of financial position.

### **17. Retirement fund commitments**

The School participates in the Public School Teachers' Pension and Retirement Fund of Chicago (CTPF or the Fund), a defined-benefit plan. Members of the Fund include all active nonannuitants who are employed by a Fund-covered employer and who hold an Illinois State Teacher Certification Board certification. The State of Illinois appropriates public contributions to Chicago Public Schools and remits those contributions to the Fund for the benefit of applicable Chicago schools.

Chicago Public Schools withholds the employer contribution related to pensionable salaries from the tuition that is paid to each school.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17. Retirement fund commitments (continued)**

On a discretionary basis, the School has elected to pay a portion of its employees' required contributions to the Fund. The Fund does not maintain separate actuarial records for the School.

CTPF pension amounts are as follows for the years ended June 30, 2024 and 2023:

Years ended June 30,	2024	2023
Total pensionable salaries	\$ 62,205,355	\$ 59,490,099
Employees' contribution expense picked up by employer	\$ 4,354,375	\$ 4,164,307
Employer's contribution expense (11.16%)	\$ 6,942,117	\$ 6,639,095
CPS deduction amount for employer's pension expense	(6,466,587)	(7,434,795)
Pension true-up amount	\$ 475,530	\$ (795,700)

In addition, all employees were eligible to participate in the Noble Network of Charter Schools 401(k) Profit Sharing Plan (the Plan). Employees can elect to defer their compensation up to the maximum allowed. The School matches eligible employee deferral contributions up to a maximum of 5% of compensation or \$2,000 semiannually. Contributions made by the School to the Plan during the years ended June 30, 2024 and 2023 were \$1,503,017 and \$1,362,395, respectively.

In addition, the School has a Section 457(b) deferred compensation plan to benefit a member of senior management.

**18. Facilities**

The School rents some of its facilities from Chicago Public Schools for \$1 per year under facility agreements. The terms of the agreements are commensurate with the charter term and are subject to early termination if the School's charter expires or if the School locates to an independent facility. The School has recognized contributed goods and services revenue and corresponding rent expense of \$4,408,107 and \$4,386,220 for the years ended June 30, 2024 and 2023, respectively. Chicago Public Schools charges the School facility fees to cover various facility related costs. Facility fee expense for the years ended June 30, 2024 and 2023 was \$1,934,730 and \$1,696,504, respectively.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**19. Leases**

The School rents various facilities under operating leases expiring through June 2047. Most of the School's operating leases include one or more options to renew, with renewal terms that can extend the lease term from 5 to 15 years and include annual escalating payments. Lease payments are due monthly.

Effective July 1, 2023, management reassessed five of its leases by evaluating factors including enrollment, significant investments in leasehold improvements, plans for expansion, and market-based factors. Management determined that renewal options for these five leases are reasonably certain to be exercised and should be included in the measurement of operating lease right-of-use assets and operating lease liabilities. The leases were remeasured to reflect the increase in the lease terms and the change in the lease discount rates at July 1, 2023. The remeasurement resulted in an increase in operating lease right-of-use assets and operating lease liabilities of approximately \$13,036,000.

Lease costs are reported in the consolidated statements of activities as follows:

Years ended June 30,	<b>2024</b>	2023
Operating lease cost	<b>\$ 5,135,320</b>	\$ 4,378,766
Short-term lease cost	<b>908,902</b>	979,228
<b>Total lease costs</b>	<b>\$ 6,044,222</b>	<b>\$ 5,357,994</b>

Total short-term lease costs for the year ended June 30, 2024 do not reasonably reflect the School's short-term lease commitments as of June 30, 2024, which total approximately \$260,000.

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**19. Leases (continued)**

Future lease payments are as follows:

Year ending June 30:	Amount
2025	\$ 5,067,589
2026	4,791,856
2027	4,858,999
2028	4,954,912
2029	4,273,210
Thereafter	34,773,116
<hr/>	
Total undiscounted lease payments	58,719,682
Less imputed interest	(14,350,830)
<hr/>	
Total operating lease liabilities	\$ 44,368,852

The weighted-average remaining lease terms and discount rates are as follows:

Years ended June 30,	2024	2023
Weighted-average:		
Discount rate - operating leases	3.3%	0.7%
Remaining lease term (years) - operating leases	12.3	8.4

Supplemental cash flows information related to leases is as follows:

Years ended June 30,	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 4,987,818	\$ 4,697,660
<hr/>		
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ 13,637,603	\$ 146,348

**NOBLE NETWORK OF CHARTER SCHOOLS,  
SUBSIDIARIES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**20. Net assets with donor restrictions**

Net assets with donor restrictions are available for the following purpose or time restrictions:

June 30,	2024	2023
Restricted for purpose:		
College and career support	\$ 270,597	\$ 508,735
Extracurricular activities	134,375	553,648
Other programs	913,051	660,728
Scholarships	2,320,983	2,139,245
Social and emotional student support	32,563	50,000
Summer of a Lifetime program	1,155,733	839,782
<b>Total restricted for purpose</b>	<b>4,827,302</b>	4,752,139
<b>Restricted for time</b>	<b>16,614,500</b>	16,212,398
<b>Total net assets with donor restrictions</b>	<b>\$ 21,441,802</b>	\$ 20,964,537

During the years ended June 30, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the following purpose or time restrictions:

Years ended June 30,	2024	2023
Restricted for purpose:		
College and career support	\$ 238,139	\$ 361,759
COVID-19 relief		22,815
Extracurricular activities	419,273	303,780
Other programs	1,410,705	1,525,593
Scholarships	540,921	850,403
Social and emotional student support	17,437	977,116
Summer of a Lifetime program	839,782	492,518
<b>Total restricted for purpose</b>	<b>3,466,257</b>	4,533,984
<b>Restricted for time</b>	<b>762,898</b>	2,073,216
<b>Total net assets released from restrictions</b>	<b>\$ 4,229,155</b>	\$ 6,607,200



## **Independent Auditors' 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***

Board of Directors  
Noble Network of Charter Schools

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 consolidated financial statements of Noble Network of Charter Schools, Subsidiaries and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 25, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Noble Network of Charter Schools, Subsidiaries and Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Noble Network of Charter Schools, Subsidiaries and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Noble Network of Charter Schools, Subsidiaries and Affiliate's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Noble Network of Charter Schools, Subsidiaries and Affiliate's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

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

*Ostrow Reisin Berk & Abrams, Ltd.*

Chicago, IL  
October 25, 2024