

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

**Financial Statements with Report
of Independent Public Accountants**

For the Years Ended June 30, 2025 and 2024

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Financial Statements with Report of Independent Public Accountants

JUNE 30, 2025 AND 2024

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

Board of Directors
Sabillasville Environmental School, Inc.

Opinion

We have audited the statements of financial position of Sabillasville Environmental School, Inc. (the School), as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying



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accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Owings Mills, Maryland
October 9, 2025

SB + Company, LLC

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

**Statements of Financial Position
As of June 30, 2025 and 2024**

	2025	2024
ASSETS		
Cash	\$ 251,985	\$ 120,951
Accounts receivable	-	1,455
Due from FCPS	12,270	135,282
Prepays	-	2,814
Equipment, net	481,583	296,010
Total Assets	\$ 745,838	\$ 556,512
LIABILITIES		
Accounts Payable	\$ 36,197	\$ 152
NET ASSETS		
Without donor restrictions	709,641	556,360
Total Net Assets	\$ 709,641	\$ 556,360

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

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

**Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024**

	2025	2024
Revenue and Support		
Per pupil allocation	\$ 2,442,184	\$ 2,348,126
Federal grants	281,035	165,629
In-kind contribution - facilities	270,000	270,000
FCPS donated services	679,031	505,898
Contributions	7,315	2,250
Fundraising	17,996	14,162
Rent	2,648	5,127
Total Revenue and Support	3,700,209	3,311,192
Expenses		
Educational programs	3,069,979	2,732,399
General and administrative	472,977	470,956
Fundraising	3,972	1,967
Total Expenses	3,546,928	3,205,322
Changes in net assets	153,281	105,870
Net assets, beginning of year	556,360	450,490
Net Assets, End of Year	\$ 709,641	\$ 556,360

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

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2025, with 2024 Comparative Totals

	2025				2024 Totals
	Educational Programs	General and Administrative	Fundraising	Total	
Contracted personnel	\$ 2,631,793	\$ 270,303	\$ -	\$ 2,902,096	\$ 2,475,726
Occupancy	340,188	3,519	-	343,707	365,534
Depreciation	48,324	-	-	48,324	42,284
Classroom supplies	6,447	-	-	6,447	44,703
Textbooks	15,265	-	-	15,265	25,881
Utilities	-	77,335	-	77,335	61,472
Professional Fees	177	58,356	-	58,533	49,448
Materials of instruction	10,229	-	-	10,229	24,278
Insurance	-	32,419	-	32,419	35,235
Office expense	-	9,014	28	9,042	40,217
Software	9,431	2,566	-	11,997	7,490
Furnishings	7,966	-	-	7,966	30,482
Other	159	561	3,944	4,664	2,572
Legal	-	18,904	-	18,904	-
Total Expenses	\$ 3,069,979	\$ 472,977	\$ 3,972	\$ 3,546,928	\$ 3,205,322

The accompanying notes are an integral part of this financial statement.

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Statement of Functional Expenses For the Year Ended June 30, 2024

	<u>Educational Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Contracted personnel	\$ 2,196,294	\$ 279,432	\$ -	\$ 2,475,726
Occupancy	363,019	2,315	200	365,534
Depreciation	42,284	-	-	42,284
Classroom supplies	44,703	-	-	44,703
Textbooks	25,881	-	-	25,881
Utilities		61,472	-	61,472
Professional Fees	2,812	46,368	268	49,448
Materials of instruction	24,278	-	-	24,278
Insurance	-	35,235	-	35,235
Office expense	-	40,217	-	40,217
Software	2,438	5,052	-	7,490
Furnishings	30,186	296	-	30,482
Other	504	569	1,499	2,572
Total Expenses	<u>\$ 2,732,399</u>	<u>\$ 470,956</u>	<u>\$ 1,967</u>	<u>\$ 3,205,322</u>

The accompanying notes are an integral part of this financial statement.

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Changes in net assets	\$ 153,281	\$ 105,870
Adjustments to reconcile changes in net assets to net cash provided from operating activities:		
Depreciation	48,324	42,284
Effect of changes in non-cash assets and liabilities:		
Accounts receivable	1,455	(77)
Due from FCPS	123,013	(43,288)
Prepaid expenses	2,814	(2,814)
Accounts payable	36,045	152
Net cash from operating activities	364,932	102,127
Cash Flows from Investing Activities		
Purchase of equipment	(233,897)	-
Net change in cash and cash equivalent	131,035	102,127
Cash and cash equivalents, beginning of year	120,951	18,824
Cash and Cash Equivalents, End of Year	\$ 251,986	\$ 120,951

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

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Notes to the Financial Statements June 30, 2025 and 2024

1. ORGANIZATION

Sabillasville Environmental School, Inc. (the School) is a not-for-profit corporation incorporated in the state of Maryland on September 16, 2021 and began operations in August of 2022.

The mission of the Sabillasville Environmental School (the School) is to provide elementary and middle school-aged children in Frederick County with a well-rounded, college and career focused instructional program that develops students' knowledge, reason, and self-expression with a focus on environmental learning.

The School was incorporated exclusively for educational purposes and is authorized by the Frederick County Board of Education. The current charter covers a term of three years through fiscal year 2025. On or before the completion of the charter, the charter may be renewed at the discretion of the Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the School are presented on the accrual basis of accounting in accordance with accounting principles generally accepted (GAAP) in the United States of America.

Use of Estimates

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

Accounts Receivable and Due from FCPS

Accounts receivable consist of amounts due from Federal grants, other grants, pledges from individuals, and due from FCPS consist of receivables from the Frederick County Public Schools. The management of the School reviews the collectability of the receivables on a monthly basis. Management believed all amounts as of June 30, 2025 and 2024, respectively, are fully collectable and, therefore, no allowance for doubtful accounts is recorded.

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Notes to the Financial Statements June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets, Net

The School capitalizes all fixed asset acquired over \$5,000. Fixed assets are carried at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation is provided using the straight-line method over the estimated useful life of the asset or for leasehold improvements, the shorter of the estimated useful life or the remaining lease term. Expenditures for fixed assets and related betterments that extend the useful lives of the assets are capitalized. Expenditures for maintenance and repairs, including planned major maintenance activities, are charged to expense as incurred.

Revenue Recognition

A substantial portion of the School's revenue is derived from Frederick County Public Schools based on enrollment. The revenue is recognized ratably over the school year. Revenue from local and supplemental programs (which includes before and aftercare services and supplemental summer fees) is recognized as the services are provided. Revenue from Federal government sources generally represents various Federal entitlements and grants and are recognized as earned.

Grants and Contributions

The School reports unconditional grants and contributions as net assets without donor restrictions and available for general operations, unless specifically restricted by the donor. Unconditional grants and contributions received with donor stipulations that limit the use of the donated funds for a particular purpose or for a specific period of time are reported as net assets with donor restrictions. When the stipulated time restriction ends or the purpose of the restriction is met, 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.

Conditional grants and contributions are not recorded as revenue until the related conditions have been satisfied. Amounts received for conditional grants are recorded as refundable advances until the conditions have been met.

Contributed Non-Financial Assets

Contributed non-financial assets are recognized as contributions if the services (a) create or enhance nonfinancial assets, (b) require specialized skills and are performed by people with those skills, and (c) would otherwise be purchased by the School. Contributed non-financial assets consisted of donated school space valued at \$270,000 and administrative services valued at \$679,031 and \$505,898, for the years ended June 30, 2025 and 2024, respectively.

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Notes to the Financial Statements June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by the School has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions.

Net assets with donor restrictions are also those that are restricted by donors to be maintained by the School in perpetuity. There were no net assets with donor restrictions as of June 30, 2025 and 2024. For assets purchased with federal funds, the School recognizes the funds as with donor restricted revenue and releases the restriction to without donor restrictions as the related assets purchased with federal funds are depreciated.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, occupancy, depreciation, and amortization. These expenses are allocated on the basis of estimates of time and effort by employees or facilities use percentage. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The School performed an evaluation of uncertain tax positions as of June 30, 2025, and determined that there were no matters that would require recognition in the financial statements, or which may have any effect on its tax-exempt status. As of June 30, 2025, the statute of limitations for fiscal years 2023 through 2025 remains open with the U.S. Federal jurisdiction and local jurisdictions in which the School files tax returns. It is the School's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Notes to the Financial Statements June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources

The table below presents financial assets available to be used within one year as of June 30, 2025:

Liquidity and Availability of Resources

Cash	\$ 251,985
Due from FCPS	<u>12,270</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 264,255</u>

The School manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

Subsequent Events

The School's management evaluated the accompanying financial statements for subsequent events and transactions through October 9, 2025, the date these financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. EQUIPMENT

As of June 30, 2025 and 2024, equipment consisted of the following:

	<u>2025</u>	<u>2024</u>	<u>Useful Life</u>
Equipment	\$ 572,192	\$ 338,294	3-10 years
Less: accumulated depreciation	<u>90,609</u>	<u>42,284</u>	
Total Equipment	<u>\$ 481,583</u>	<u>\$ 296,010</u>	

Depreciation expense was \$48,324 and \$42,284, for the years ended June 30, 2025 and 2024.

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Notes to the Financial Statements June 30, 2025 and 2024

4. COMMITMENTS AND CONTINGENCIES

Concentration of Revenue

The School receives an annual per pupil allotment (PPA) from Frederick County Public Schools (FCPS) based on its student enrollment and in-kind contributions which is a substantial portion of its revenue. If a significant reduction in this revenue should occur, it may have a material effect on the School's programs. During the year ended June 30, 2024 and 2023, the School earned PPA revenue of \$2,442,184 and \$2,348,126, respectively, and in-kind contributions and services from FCPS of \$949,031 and \$775,898, respectively, or 94% and 80% of its total revenue and support from FCPS, respectively. These amounts are reflected as the per pupil allocation and in-kind contributions revenue in the accompanying statement of activities and changes in net assets.

The PPA revenue is based upon a formula and negotiations with FCPS. The School books the calculated amount of revenue provided by FCPS. The formula affecting fiscal year 2025 revenue may be revised at a later date. Generally accepted accounting principles would require any gain contingency related to the change in formula to be recognized when the amount is determinable and estimable.

Grants

The School receives financial assistance from Federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the School. The School's management believes such disallowance, if any, would be immaterial.

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

**Statements of Financial Position – Budgetary Basis (Federal Outlays Expensed)
As of June 30, 2025 and 2024**

	2025	2024
ASSETS		
Cash	\$ 251,985	\$ 120,951
Accounts receivable	-	1,455
Due from FCPS	12,270	135,282
Prepays	-	2,814
Total Assets	\$ 264,255	\$ 260,502
LIABILITIES		
Accounts Payable	\$ 36,197	\$ 152
Total Liabilities	36,197	152
NET ASSETS		
Without donor restrictions	228,058	260,350
Total Net Assets	\$ 228,058	\$ 260,350

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.**Statements of Activities and Changes in Net Assets – Budgetary Basis (Federal Outlays Expensed)****For the Years Ended June 30, 2025, and 2024**

	2025	2024
Revenue and Support		
Per pupil allocation	\$ 2,442,184	\$ 2,348,126
Federal grants	281,035	165,629
In-kind contribution - facilities	270,000	270,000
FCPS donated services	679,031	505,898
Contributions	7,315	2,250
Fundraising	17,996	14,162
Rent	2,648	5,127
Total Revenue and Support	3,700,209	3,311,192
Expenses		
Educational programs	3,255,552	2,690,116
General and administrative	472,977	470,956
Fundraising	3,972	1,966
Total Expenses	3,732,501	3,163,038
 Changes in net assets	 (32,292)	 148,154
Net assets, beginning of year	260,350	112,196
Net Assets, End of Year	\$ 228,058	\$ 260,350

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

**Statement of Functional Expenses – Budgetary Basis (Federal Outlays Expensed)
For the Years Ended June 30, 2025 and 2024**

2025				
	Educational Programs	General and Administrative	Fundraising	Total
Contracted personnel	\$ 2,631,791	\$ 270,303	\$ -	\$ 2,902,094
Occupancy	574,087	3,519	-	577,606
Classroom supplies	6,447	-	-	6,447
Textbooks	15,265	-	-	15,265
Utilities	-	77,335	-	77,335
Professional Fees	177	58,356	-	58,533
Materials of instruction	10,229	-	-	10,229
Insurance	-	32,419	-	32,419
Office expense	-	9,014	28	9,042
Software	9,431	2,566	-	11,997
Furnishings	7,966	-	-	7,966
Other	159	561	3,944	4,664
Legal	-	18,904	-	18,904
Total Expenses	\$ 3,255,552	\$ 472,977	\$ 3,972	\$ 3,732,501

2024				
	Educational Programs	General and Administrative	Fundraising	Total
Contracted personnel	\$ 2,196,294	\$ 279,432	\$ -	\$ 2,475,726
Occupancy	363,019	2,315	200	365,534
Classroom supplies	44,703	-	-	44,703
Textbooks	25,881	-	-	25,881
Utilities	-	61,472	-	61,472
Professional Fees	2,812	46,368	268	49,448
Materials of instruction	24,278	-	-	24,278
Insurance	-	35,235	-	35,235
Office expense	-	40,217	-	40,217
Software	2,438	5,052	-	7,490
Furnishings	30,186	296	-	30,482
Other	505	569	1,498	2,572
Legal	-	-	-	-
Total Expenses	\$ 2,690,116	\$ 470,956	\$ 1,966	\$ 3,163,038

SABILLASVILLE ENVIRONMENTAL SCHOOL, INC.

Note to the Supplementary Information For the Years Ended June 30, 2025 and 2024

The statement of financial position, statement of activities and changes in net assets, and statement of functional expenses – budgetary basis (Federal outlays expensed) are for additional analysis and to provide an accounting of operational activities more directly tied to the School’s budgetary basis of accounting that recognized capital purchases funded with Federal grants as operating expenditures in the period the purchase is made.