

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NEW YORK, NEW YORK

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021

(With Comparative Totals for 2020)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Public Prep Charter School Academies

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Public Prep Charter School Academies (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements 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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Public Prep Charter School Academies as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of Public Prep Charter School Academies' 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Prep Charter School Academies' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Public Prep Charter School Academies' consolidated financial statements as of and for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 29, 2021

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021
(With Comparative Totals for 2020)

| <u>ASSETS</u> | June 30, | |
|---|---------------|---------------|
| | 2021 | 2020 |
| <u>CURRENT ASSETS</u> | | |
| Cash | \$ 17,945,495 | \$ 11,372,057 |
| Grants and contracts receivable | 1,911,476 | 2,473,293 |
| Prepaid expenses and other current assets | 809,067 | 396,099 |
| TOTAL CURRENT ASSETS | 20,666,038 | 14,241,449 |
| <u>OTHER ASSETS</u> | | |
| Property and equipment, net | 12,103,870 | 11,869,023 |
| Related party receivables, net | 755,622 | 1,087,767 |
| Security deposit | 502,325 | 502,325 |
| Cash in escrow | 200,329 | 175,278 |
| | 13,562,146 | 13,634,393 |
| TOTAL ASSETS | \$ 34,228,184 | \$ 27,875,842 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts payable and accrued expenses | \$ 1,607,378 | \$ 1,601,676 |
| Accrued payroll and benefits | 3,768,596 | 2,731,393 |
| Current portion of deferred lease incentive | 26,003 | 26,003 |
| Current portion of long-term debt | 288,882 | 1,640,444 |
| TOTAL CURRENT LIABILITIES | 5,690,859 | 5,999,516 |
| <u>LONG-TERM LIABILITIES</u> | | |
| Long-term debt, net of unamortized debt issuance costs of \$415,164 at June 30, 2021 | 6,547,267 | 9,008,735 |
| Deferred lease incentive | 13,400 | 39,404 |
| Deferred lease liability | 2,037,613 | 1,411,977 |
| Security deposit payable | 16,667 | 16,667 |
| TOTAL LIABILITIES | 14,305,806 | 16,476,299 |
| <u>NET ASSETS</u> | | |
| Without donor restrictions | 19,919,536 | 11,299,110 |
| With donor restrictions | 2,842 | 100,433 |
| TOTAL NET ASSETS | 19,922,378 | 11,399,543 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 34,228,184 | \$ 27,875,842 |

The accompanying notes are an integral part of the consolidated financial statements.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | Year ended June 30, | | | |
|--|-------------------------------|----------------------------|---------------|---------------|
| | 2021 | | | 2020 |
| | Without donor restrictions | With donor restrictions | Total | Total |
| Revenue, gains and other support: | | | | |
| Public school district: | | | | |
| Resident student enrollment | \$ 34,603,774 | \$ - | \$ 34,603,774 | \$ 32,253,722 |
| Students with disabilities | 5,607,158 | - | 5,607,158 | 4,962,512 |
| Grants and contracts: | | | | |
| State and local | 711,388 | - | 711,388 | 1,073,657 |
| Federal - Title and IDEA | 1,679,870 | - | 1,679,870 | 1,550,003 |
| Federal - other | 1,565,181 | - | 1,565,181 | 447,875 |
| NYC DOE rental assistance | 3,952,468 | - | 3,952,468 | 2,945,034 |
| Food Service/Child Nutrition Program | 455,992 | - | 455,992 | 379,105 |
| TOTAL REVENUE, GAINS AND OTHER SUPPORT | 48,575,831 | - | 48,575,831 | 43,611,908 |
| Expenses: | | | | |
| Program services: | | | | |
| Regular education | 29,588,139 | - | 29,588,139 | 26,245,473 |
| Special education | 7,719,497 | - | 7,719,497 | 9,367,093 |
| Pre-K | 1,812,956 | - | 1,812,956 | 1,401,818 |
| Total program services | 39,120,592 | - | 39,120,592 | 37,014,384 |
| Management and general | 5,318,333 | - | 5,318,333 | 4,523,145 |
| Fundraising and special events | 57,986 | - | 57,986 | 53,106 |
| TOTAL OPERATING EXPENSES | 44,496,911 | - | 44,496,911 | 41,590,635 |
| SURPLUS FROM SCHOOL OPERATIONS | 4,078,920 | - | 4,078,920 | 2,021,273 |
| Support and other revenue: | | | | |
| Contributions: | | | | |
| Foundations | 10,000 | - | 10,000 | 45,050 |
| Individuals | 1,100 | - | 1,100 | - |
| Corporations | - | - | - | 550,025 |
| Fundraising | - | - | - | 1,500 |
| Interest income | 53 | - | 53 | 56 |
| Other income | 18,772 | - | 18,772 | 127,150 |
| Rental income | 112,990 | - | 112,990 | 485,842 |
| Paycheck Protection Program loan forgiveness | 4,301,000 | - | 4,301,000 | - |
| Net assets released from restriction | 97,591 | (97,591) | - | - |
| TOTAL SUPPORT AND OTHER REVENUE | 4,541,506 | (97,591) | 4,443,915 | 1,209,623 |
| CHANGE IN NET ASSETS | 8,620,426 | (97,591) | 8,522,835 | 3,230,896 |
| Net assets at beginning of year | 11,299,110 | 100,433 | 11,399,543 | 8,168,647 |
| NET ASSETS AT END OF YEAR | \$ 19,919,536 | \$ 2,842 | \$ 19,922,378 | \$ 11,399,543 |

The accompanying notes are an integral part of the consolidated financial statements.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | No. of Positions | Program Services | | | | Supporting Services | | | Total | |
|--|---------------------|----------------------|----------------------|---------------------|----------------------|------------------------------|--------------------------------------|---------------------|----------------------|----------------------|
| | | Regular Education | Special Education | Pre-K | Sub-total | Management and general | Fundraising and special events | Sub-total | Year ended June 30, | |
| | | | | | | | | | 2021 | 2020 |
| Personnel services costs: | | | | | | | | | | |
| Administrative staff personnel | 55 | \$ 1,941,630 | \$ 514,931 | \$ 47,533 | \$ 2,504,094 | \$ 2,657,097 | \$ - | \$ 2,657,097 | \$ 5,161,191 | \$ 4,807,568 |
| Instructional personnel | 244 | 12,944,960 | 3,435,203 | 1,034,281 | 17,414,444 | - | - | - | 17,414,444 | 16,203,234 |
| Non-instructional personnel | 2 | - | - | - | - | 132,482 | - | 132,482 | 132,482 | 121,862 |
| Total personnel services costs | 301 | 14,886,590 | 3,950,134 | 1,081,814 | 19,918,538 | 2,789,579 | - | 2,789,579 | 22,708,117 | 21,132,664 |
| Fringe benefits and payroll taxes | | 3,231,252 | 861,853 | 134,229 | 4,227,334 | 605,395 | - | 605,395 | 4,832,729 | 4,431,137 |
| Retirement | | 303,647 | 79,207 | 26,777 | 409,631 | 59,224 | - | 59,224 | 468,855 | 370,573 |
| Management company fees | | 4,059,040 | 811,808 | - | 4,870,848 | 869,794 | 57,986 | 927,780 | 5,798,628 | 5,510,667 |
| Legal services | | - | - | - | - | - | - | - | - | 20,549 |
| Accounting / audit services | | - | - | - | - | 25,775 | - | 25,775 | 25,775 | 65,158 |
| Other purchased / professional / consulting services | | 779,152 | 250,861 | 23,146 | 1,053,159 | 141,546 | - | 141,546 | 1,194,705 | 1,155,608 |
| Building rent / lease / facility finance interest | | 2,132,773 | 616,209 | 184,841 | 2,933,823 | 325,981 | - | 325,981 | 3,259,804 | 3,350,073 |
| Repairs and maintenance | | 236,286 | 66,444 | 15,774 | 318,504 | 35,389 | - | 35,389 | 353,893 | 283,850 |
| Insurance | | 146,358 | 39,435 | 26,382 | 212,175 | 20,644 | - | 20,644 | 232,819 | 198,564 |
| Utilities | | 361,986 | 99,742 | 15,380 | 477,108 | 83,421 | - | 83,421 | 560,529 | 496,239 |
| Supplies / materials | | 585,981 | 152,944 | 25,980 | 764,905 | - | - | - | 764,905 | 928,479 |
| Equipment / furnishings | | 37,187 | 9,848 | - | 47,035 | 5,227 | - | 5,227 | 52,262 | 10,961 |
| Staff development | | 453,381 | 120,441 | 840 | 574,662 | 65,696 | - | 65,696 | 640,358 | 483,276 |
| Marketing / recruiting | | 48,252 | 13,499 | 1,524 | 63,275 | 6,862 | - | 6,862 | 70,137 | 49,268 |
| Technology | | 200,787 | 53,787 | - | 254,574 | 28,287 | - | 28,287 | 282,861 | 263,374 |
| Food service | | 272,176 | 80,367 | 21,406 | 373,949 | - | - | - | 373,949 | 417,170 |
| Student services | | 150,225 | 39,555 | 630 | 190,410 | 7,117 | - | 7,117 | 197,527 | 453,743 |
| Office expense | | 414,692 | 112,848 | 11,237 | 538,777 | 58,897 | - | 58,897 | 597,674 | 517,385 |
| Depreciation and amortization | | 888,543 | 245,382 | 53,081 | 1,187,006 | 128,587 | - | 128,587 | 1,315,593 | 1,193,984 |
| Other | | 399,831 | 115,133 | 189,915 | 704,879 | 60,912 | - | 60,912 | 765,791 | 257,913 |
| | | <u>\$ 29,588,139</u> | <u>\$ 7,719,497</u> | <u>\$ 1,812,956</u> | <u>\$ 39,120,592</u> | <u>\$ 5,318,333</u> | <u>\$ 57,986</u> | <u>\$ 5,376,319</u> | <u>\$ 44,496,911</u> | <u>\$ 41,590,635</u> |

The accompanying notes are an integral part of the consolidated financial statements.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | <u>Year ended June 30,</u> | |
|---|----------------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| <u>CASH FLOWS - OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 8,522,835 | \$ 3,230,896 |
| Adjustments to reconcile change in net assets to net cash provided from operating activities: | | |
| Depreciation and amortization | 1,315,593 | 1,193,984 |
| Bad debt expense | 159,434 | - |
| Amortization of debt issuance costs included in interest expense | 13,085 | - |
| Paycheck Protection Program loan forgiveness | (4,301,000) | - |
| Changes in certain assets and liabilities affecting operations: | | |
| Grants and other contracts receivable | 402,383 | 958,147 |
| Prepaid expenses and other current assets | (412,968) | 330,495 |
| Related party receivables and payables | 332,145 | (126,734) |
| Accounts payable and accrued expenses | (307,215) | 440,319 |
| Accrued payroll and benefits | 1,037,203 | 141,585 |
| Deferred revenue | - | (367,358) |
| Deferred lease incentive | (26,004) | (26,002) |
| Deferred lease liability | 625,636 | 666,069 |
| NET CASH PROVIDED FROM OPERATING ACTIVITIES | 7,361,127 | 6,441,401 |
| <u>CASH FLOWS - INVESTING ACTIVITIES</u> | | |
| Purchases of property and equipment | (540,861) | (606,305) |
| Security deposit payable | - | (33,332) |
| NET CASH USED FOR INVESTING ACTIVITIES | (540,861) | (639,637) |
| <u>CASH FLOWS - FINANCING ACTIVITIES</u> | | |
| Proceeds from long-term debt | 20,574 | 4,301,000 |
| Repayments of long-term debt | (242,351) | (250,307) |
| NET CASH (USED FOR) PROVIDED FROM FINANCING ACTIVITIES | (221,777) | 4,050,693 |
| NET INCREASE IN CASH AND RESTRICTED CASH | 6,598,489 | 9,852,457 |
| Cash and restricted cash at beginning of year | 11,547,335 | 1,694,878 |
| CASH AND RESTRICTED CASH AT END OF YEAR | <u>\$ 18,145,824</u> | <u>\$ 11,547,335</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | Year ended June 30, | |
|--|----------------------|----------------------|
| | 2021 | 2020 |
| <u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u> | | |
| Purchases of property and equipment in accounts payable | <u>\$ 662,024</u> | <u>\$ -</u> |
| <u>NON-CASH OPERATING AND FINANCING ACTIVITIES</u> | | |
| Accrued interest paid through debt refinancing | <u>\$ 349,107</u> | <u>\$ -</u> |
| <u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u> | | |
| Purchases of property and equipment financed with long-term debt | <u>\$ 347,555</u> | <u>\$ 1,019,129</u> |
| <u>NON-CASH FINANCING ACTIVITIES</u> | | |
| Long-term debt borrowings in connection with debt refinancing, including debt issuance costs of \$428,249 | <u>\$ 6,659,750</u> | <u>\$ -</u> |
| Long-term debt repayments through debt refinancing | <u>\$ 6,231,501</u> | <u>\$ -</u> |
| <u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u> | | |
| Cash paid for interest | <u>\$ 268,002</u> | <u>\$ 142,984</u> |
| | June 30, | |
| | 2021 | 2020 |
| <u>CASH AND RESTRICTED CASH</u> | | |
| Cash | \$ 17,945,495 | \$ 11,372,057 |
| Cash in escrow | <u>200,329</u> | <u>175,278</u> |
| | <u>\$ 18,145,824</u> | <u>\$ 11,547,335</u> |

The accompanying notes are an integral part of the consolidated financial statements.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements include the accounts of Girls Preparatory Charter School of New York (“Girls Prep LES”), Boys Preparatory Charter School of New York (“Boys Prep”), Girls Preparatory Charter School of the Bronx (“Girls Prep Bronx”), Girls Preparatory Charter School of the Bronx II (“Girls Prep Bronx II”), PrePrep: the Joan Ganz Cooney Early Learning Program (“PrePrep”), PrePrep2 (“PrePrep2”), PrePrep3 (“PrePrep3”), collectively forming Public Prep Charter School Academies, and Friends of Girls Preparatory Charter School of New York, Inc. (“Friends”), (collectively referred to as the “Organization”). All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

The Organization

Public Prep Charter School Academies is an education corporation that has authority to operate the Charter Schools as described below. Each of the Charter Schools were established to prepare underserved elementary and middle school students for higher education, civic involvement and lifelong success through a structured, caring environment of high academic expectations. Friends was organized under the laws of the State of New York as a not-for-profit corporation under subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation law. See Note D.

Girls Prep LES operates in the borough of Manhattan, New York. On March 23, 2004, the Board of Regents of the University of the State of New York granted Girls Prep LES a provisional charter valid for a term of five years and renewable upon expiration. Girls Prep LES obtained a renewal through June 30, 2025.

Boys Prep operates in the borough of Bronx, New York. On December 14, 2010, the Board of Regents of the University of the State of New York granted Boys Prep a provisional charter valid for a term of five years and renewable upon expiration. Boys Prep obtained a renewal through July 31, 2024.

Girls Prep Bronx operates in the borough of Bronx, New York. On February 23, 2009, the Board of Regents of the University of the State of New York granted Girls Prep Bronx a provisional charter valid for a term of five years and renewable upon expiration. Girls Prep Bronx obtained a renewal through July 31, 2022.

On March 9, 2019, the Board of Regents of the University of the State of New York granted Girls Prep Bronx II a provisional charter valid for a term of five years through June 30, 2025, and renewable upon expiration. Girls Prep Bronx II opened for students in the Fall of 2020.

In December 2020, Girls Prep LES, Boys Prep, and Girls Prep Bronx each received approval from SUNY for a revision to their charters to create a joint high school program with another Charter School beginning in the 2022-23 school year; however, this was rejected by the NY State Education Department and SUNY has yet to override this rejection.

PrePrep operates in the borough of Bronx, New York. The Organization obtained approval from the New York City Department of Education to open a Pre-K program. The contract authorized operation of a universal prekindergarten program for a term of three years through June 30, 2018 and was renewable for two years upon expiration. PrePrep obtained a renewal through June 30, 2022.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

PrePrep2 operates in the borough of Bronx, New York. The Organization obtained approval from the New York City Department of Education to open a second Pre-K program. The contract authorizes operation of a universal prekindergarten program for a term of three years through June 30, 2021. PrePrep2 obtained a renewal through June 30, 2022.

PrePrep3 operates in the borough of Manhattan, New York. The Organization obtained approval from the New York City Department of Education to open a third Pre-K program. The contract authorizes operation of a universal prekindergarten program for a term of two years through June 30, 2021. PrePrep3 obtained a renewal through June 30, 2022.

Financial Statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

These classes of net assets are defined as follows:

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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 resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets Without Donor Restrictions – The net assets over which the Governing Board has discretionary control to use in carrying on the Organization's operations in accordance with the guidelines established by the Organization. The Board may designate portions of the current net assets without donor restrictions for specific purposes, projects or investment.

Revenue recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records substantially all revenues over time, as follows.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Public school district revenue

The Organization recognizes revenue as educational programming is provided to students throughout the year. The Organization earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Organization and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Universal Pre-Kindergarten (Pre-K)

Similar to public school district revenue, the Organization recognizes Pre-K revenue as educational programming is provided to students throughout the year. The maximum revenue amount is based on a contractually determined fixed amount per student and the number of students enrolled at a point in time. This amount could be further reduced if actual costs incurred in providing the Pre-K program are less than the maximum calculated amount of the contract. Amounts are paid in installments throughout the course of the year, with the final 5% paid upon submission of all required documentation at the end of the contract year. Revenue recognized from Pre-K programs totaled \$1,451,446 and \$1,305,095 for the years ended June 30, 2021 and 2020, respectively.

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

The following table summarizes contract balances at their respective statement of financial position dates:

| | June 30, | | |
|---------------------------------|------------|------------|------------|
| | 2021 | 2020 | 2019 |
| Grants and contracts receivable | \$ 110,050 | \$ 791,954 | \$ 821,870 |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contributions

Contributions and unconditional promises to give are recorded in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Grant revenue

Some of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying consolidated statement of financial position. There was no revenue deferred at June 30, 2021 and 2020. The Organization received cost-reimbursement grants of approximately \$116,245 and \$42,556 that had not been recognized at June 30, 2021 and 2020, respectively, because qualifying expenditures had not yet been incurred.

Cash

Cash balances are maintained at certain financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Organization maintains cash in escrow accounts for dissolution reserves in accordance with the terms of their charter agreements. The amount in escrow for dissolution as of June 30, 2021 and 2020 was \$200,329 and \$175,278, respectively. The escrow is restricted to fund legal and other costs related to the dissolution of the Organization, should dissolution become necessary.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Grants and contracts receivable

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2021 or 2020.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to thirty five years. Leasehold improvements are amortized over the lesser of the lease term or useful life.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Tax exempt status

The Organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

Public Prep Academies and Friends file Form 990 tax returns in the U.S. federal jurisdiction. In addition, Friends files in New York. The tax returns for the years ended June 30, 2018 through June 30, 2021 are still subject to potential audit by the IRS and NY. Management of the Organization believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Contributed services

The Organization receives contributed services from volunteers to serve on the Board of Trustees. In addition, the Organization received transportation services, special education services and speech therapy instruction for the students from the local district. The Organization was unable to determine a value for these services.

Marketing and recruiting costs

The Organization expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$70,000 and \$49,000 for the years ended June 30, 2021 and 2020, respectively.

Security deposit payable

The Organization subleases a portion of one of the buildings it occupies and received a security deposit in relation to the sublease.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Deferred lease liability

The Organization leases one of its facilities. The lease contains significant pre-determined fixed escalations of the base rent. In accordance with GAAP, the Organization recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts paid under the lease as a deferred lease liability. The amount of additional rent expense recognized in excess of the amounts paid under the lease was \$625,636 and \$666,069 for the years ended June 30, 2021 and 2020, respectively.

Use of estimates in the preparation of financial statements

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

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Functional allocation of expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

New accounting pronouncements:

Leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Organization’s financial position or results of operations.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kind recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and will be applied on a retrospective basis. The Organization is currently evaluating the provisions of this update to determine the impact it will have on the Organization's financial statements.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 29, 2021, which is the date the financial statements are available to be issued. See Note F and Note J.

NOTE B: RELATED PARTY TRANSACTIONS

The Organization has related party receivables from and payables to one related organization, Public Preparatory Network, Inc. (PPN). PPN, a not-for-profit organization, provides management and other administrative support services to the Organization. For the years ended June 30, 2021 and 2020, the Organization paid an annual service fee of 15% of the year end student enrollment full time equivalents multiplied by the approved per pupil reimbursement rate for the school year for general education and special education funding. The term of the agreement renews annually unless terminated by either party with at least six months' notice. The fee incurred for the years ended June 30, 2021 and 2020 was \$5,798,628 and \$5,510,667, respectively.

The Organization also leases space in one of its facilities to PPN, see Note D for further details.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

Amounts due (to) from these related parties have no set repayment terms and as of June 30, 2021 were as follows:

| | Girls Preparatory Charter School of New York | Boys Preparatory Charter School of New York | Girls Preparatory Charter School of the Bronx | Girls Preparatory Charter School of the Bronx II | PrePrep: the Joan Ganz Cooney Early Learning Program | PrePrep 2 | PrePrep 3 | Friends of Girls Preparatory Charter School of New York | Eliminations | Total |
|---|---|--|--|---|--|------------------|-----------------|--|--------------|-------------------|
| Due from (to) Public Preparatory Network, Inc. | \$ (13,030) | \$ 577,260 | \$ 149,176 | \$ 36,894 | \$ (2,928) | \$ - | \$ - | \$ 8,250 | \$ - | \$ 755,622 |
| Due from (to) Girls Preparatory Charter School of New York | - | (3,592,770) | 4,365,110 | 348,712 | 39,022 | 726,546 | (20,103) | (1,948,910) | 82,393 | - |
| Due from (to) Boys Preparatory Charter School of New York | 3,592,770 | - | 2,184,378 | (5,723) | (365) | (660,840) | - | (6,491,935) | 1,381,715 | - |
| Due from (to) Girls Preparatory Charter School of the Bronx | (4,365,110) | (2,184,378) | - | (184,678) | (392,558) | 130,416 | 21,826 | (100) | 6,956,228 | (18,354) |
| Due from (to) Girls Preparatory Charter School of the Bronx II | (348,712) | 5,723 | 184,678 | - | (393) | (97,472) | (131) | 30,497 | 225,810 | - |
| Due from (to) PrePrep: the Joan Ganz Cooney Early Learning Program | (39,022) | 365 | 392,558 | 393 | - | (5,919) | - | - | (330,021) | 18,354 |
| Due from (to) PrePrep 2 | (726,546) | 660,840 | (130,416) | 97,472 | 5,919 | - | - | 55,000 | 37,731 | - |
| Due from (to) PrePrep 3 | 20,103 | - | (21,826) | 131 | - | - | - | - | 1,592 | - |
| Due from (to) Friends of Girls Preparatory Charter School of New York | 1,948,910 | 6,491,935 | 100 | (30,497) | - | (55,000) | - | - | (8,355,448) | - |
| | <u>\$ 69,363</u> | <u>\$ 1,958,975</u> | <u>\$ 7,123,758</u> | <u>\$ 262,704</u> | <u>\$ (351,303)</u> | <u>\$ 37,731</u> | <u>\$ 1,592</u> | <u>\$ (8,347,198)</u> | <u>\$ -</u> | <u>\$ 755,622</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

Amounts due (to) from these related parties have no set repayment terms and as of June 30, 2020 were as follows:

| | Girls Preparatory Charter School of New York | Boys Preparatory Charter School of New York | Girls Preparatory Charter School of the Bronx | Girls Preparatory Charter School of the Bronx II | PrePrep: the Joan Ganz Cooney Early Learning Program | PrePrep 2 | PrePrep 3 | Friends of Girls Preparatory Charter School of New York | Eliminations | Total |
|---|---|--|--|---|--|-----------------|-------------------|--|--------------|---------------------|
| Due from (to) Public Preparatory Network, Inc. | \$ 112,295 | \$ 761,112 | \$ 218,813 | \$ (4,453) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,087,767 |
| Due from (to) Girls Preparatory Charter School of New York | - | (1,230,019) | 1,381,412 | (25,083) | (12,438) | 780,910 | (7,986) | - | (886,796) | - |
| Due from (to) Boys Preparatory Charter School of New York | 1,230,019 | - | 2,181,791 | - | (365) | (614,042) | - | (5,123,052) | 2,325,649 | - |
| Due from (to) Girls Preparatory Charter School of the Bronx | (1,381,412) | (2,181,791) | - | (184,678) | (358,144) | (5,580) | - | - | 4,111,605 | - |
| Due from (to) Girls Preparatory Charter School of the Bronx II | 25,083 | - | 184,678 | - | - | - | - | - | (209,761) | - |
| Due from (to) PrePrep: the Joan Ganz Cooney Early Learning Program | 12,438 | 365 | 358,144 | - | - | (5,919) | - | - | (365,028) | - |
| Due from (to) PrePrep 2 | (780,910) | 614,042 | 5,580 | - | 5,919 | - | - | 147,000 | 8,369 | - |
| Due from (to) PrePrep 3 | 7,986 | - | - | - | - | - | - | - | (7,986) | - |
| Due from (to) Friends of Girls Preparatory Charter School of New York | - | 5,123,052 | - | - | - | (147,000) | - | - | (4,976,052) | - |
| | <u>\$ (774,501)</u> | <u>\$ 3,086,761</u> | <u>\$ 4,330,418</u> | <u>\$ (214,214)</u> | <u>\$ (365,028)</u> | <u>\$ 8,369</u> | <u>\$ (7,986)</u> | <u>\$ (4,976,052)</u> | <u>\$ -</u> | <u>\$ 1,087,767</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE C: LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of education and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2021 and 2020.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | June 30, | |
|---|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| Cash | \$ 17,945,495 | \$ 11,372,057 |
| Grants and contracts receivable | <u>1,911,476</u> | <u>2,473,293</u> |
| Total financial assets available within one year | 19,856,971 | 13,845,350 |
| Less amounts unavailable for general expenditures within one year due to: | | |
| Restricted by donors with purpose restrictions | <u>(2,842)</u> | <u>(100,433)</u> |
| Total financial assets available to management for general expenditures within one year | <u>\$ 19,854,129</u> | <u>\$ 13,744,917</u> |

NOTE D: SCHOOL FACILITY

As part of the New York City Chancellor's Charter School Initiative, the New York City Department of Education has committed space to the Organization at no charge under a verbal agreement.

In December 2016 Friends entered into a lease agreement with a third party for school facility space for use by Boys Prep. The lease required a security deposit of \$495,000 which was paid in fiscal 2017 by Boys Prep. The lease term is 35 years, which commenced upon occupancy in September 2018, with the option to renew the agreement for two renewal terms, the first for ten years and the second for four years. The current agreement provides for monthly payments of approximately \$202,300 for the first year, increasing annually based upon the greater of the changes in the Consumer Price Index above a base year or a fixed percentage of 1.5%.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE D: SCHOOL FACILITY, Cont'd

The landlord made improvements to the space, including construction of additional space, the cost of which was to be shared between the landlord and Friends. This amount (initially anticipated at \$6,250,000) was expected to be repaid to the landlord through a ten-year \$3,000,000 loan with a fixed interest rate of 5%, and a ten-year \$3,250,000 loan at an interest rate equal to the landlord's rate of interest at the time of the landlord's mortgage closing. Payment of the \$3,000,000 loan commenced in September 2018, and payment of the \$3,250,000 loan was to commence in year three of the lease term. The lease required \$2,256,000 to be deposited in an escrow account to be used toward construction and for Friends to pay up to \$608,000 directly to the architect and up to \$92,000 to the construction manager upon receipt of invoices. As of June 30, 2021 and 2020, the Organization paid \$845,113 and \$803,930, respectively, for architect fees which are included in leasehold improvements in the accompanying statement of financial position. Effective July 31, 2020, the related loans were paid in full and Friends obtained separate financing, which is further detailed in Note J.

During February 2018, the Organization agreed to sublease a portion of the Boys Prep facility for a term of twenty-two months, beginning September 2018 through June 30, 2020. The rental income was \$27,083 per month for July 1, 2019 through June 30, 2020. In addition, the tenant paid a portion of utilities and custodial services. Effective May 1, 2019, the Organization agreed to sublet an additional portion of the Boys Prep facility for a fourteen month period through June 30, 2020 at \$4,167 per month. This sublease was extended at the same terms through July 31, 2021. This sublease was further extended through June 30, 2022 under new sublease terms, with no rent expense being charged. In place of monthly rent, the sub-tenant is required to provide in-kind after-school programming for the term of the sublease and pay for any security charges incurred for services provided beyond normal building hours. Additionally, effective July 1, 2019, the Organization sublet space in the Boys Prep facility to PPN at a rate of \$4,125 per month on a month-to-month basis. Rent expense paid during the years ended June 30, 2021 and 2020 (net of sublease income) was approximately \$2,250,000 and \$1,840,000, respectively.

Future minimum payments under these leases and subleases are as follows:

| <u>Year ending June 30,</u> | <u>Minimum Payments</u> | <u>Sublease Income</u> | <u>Net Lease Payments</u> |
|-----------------------------|-----------------------------|----------------------------|-------------------------------|
| 2022 | \$ 2,397,750 | \$ 4,167 | \$ 2,393,583 |
| 2023 | 2,433,716 | - | 2,433,716 |
| 2024 | 2,470,222 | - | 2,470,222 |
| 2025 | 2,507,275 | - | 2,507,275 |
| 2026 | 2,544,884 | - | 2,544,884 |
| Thereafter | 85,870,911 | - | 85,870,911 |
| | <u>\$ 98,224,758</u> | <u>\$ 4,167</u> | <u>\$ 98,220,591</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE D: SCHOOL FACILITY, Cont'd

During September 2019, the Organization finalized a sublease between Friends and Public Prep Charter School Academies for the school facility space which commenced September 10, 2018 through June 30, 2053. The lease is intended to transfer actual costs of the facility incurred by Friends to Public Prep Charter School Academies over the full lease term. Under the terms of the lease, the rent expense incurred in a given fiscal year is limited to the amount of rental reimbursement under N.Y. Education Law Section 2853(3)(e) for which Boys Prep is eligible. Effective July 1, 2020, the lease was amended to reduce the term to June 30, 2021 at a fixed annual rental of \$4,066,328. Effective July 1, 2021, the lease was amended to extend the term to June 30, 2041. Under the amended sublease, annual rental payments increase by approximately 2% annually. All intercompany rent is eliminated in the accompanying consolidated financial statements; \$4,121,329 and \$2,985,034 for June 30, 2021 and 2020, respectively.

The minimum future payments and receipts are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-----------------------|
| 2022 | \$ 5,702,967 |
| 2023 | 5,803,682 |
| 2024 | 5,906,573 |
| 2025 | 6,011,691 |
| 2026 | 6,119,088 |
| Thereafter | <u>103,399,926</u> |
| | <u>\$ 132,943,927</u> |

The Organization is currently identifying temporary space for Girls Prep Bronx II until permanent facilities are secured. As of October 29, 2021, lease terms are still under negotiation.

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | <u>June 30,</u> | |
|--|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| Furniture and fixtures | \$ 2,515,848 | \$ 2,187,486 |
| Computer equipment | 2,779,777 | 1,716,798 |
| Office equipment | 1,680,369 | 1,568,447 |
| Web development | 5,250 | 5,250 |
| Leasehold improvements | <u>11,864,216</u> | <u>11,817,039</u> |
| | 18,845,460 | 17,295,020 |
| Less accumulated depreciation and amortization | <u>6,741,590</u> | <u>5,425,997</u> |
| | <u>\$ 12,103,870</u> | <u>\$ 11,869,023</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE F: COMMITMENTS

At June 30, 2021, the Organization had three capital leases for computer equipment. During August 2021, the Organization entered into an additional capital lease for computer equipment, as further detailed in Note J. Amortization of capital leases is included in depreciation expense.

The Organization also leases office equipment under non-cancelable lease agreements expiring at various dates through January 2025.

The future minimum payments on these agreements are approximately as follows:

| <u>Year ending June 30,</u> | <u>Capital leases</u> | <u>Operating leases</u> |
|--|-----------------------|-------------------------|
| 2022 | \$ 170,764 | \$ 291,200 |
| 2023 | 164,083 | 229,500 |
| 2024 | 17,863 | 114,600 |
| 2025 | - | 57,300 |
| 2026 | - | 31,200 |
| Thereafter | - | 2,600 |
| Net minimum lease payments | 352,710 | <u>\$ 726,400</u> |
| Less amount representing interest | (23,231) | |
| Present value of net minimum lease payments included in future maturities of long-term debt as shown in Note J | 329,479 | |
| Less current maturities of capital lease obligations included in current portion of long-term debt | <u>(154,422)</u> | |
| Long-term capital lease obligations | <u>\$ 175,057</u> | |

During fiscal 2018, existing leases for certain office equipment were bought out by a new vendor who provided a cash lease incentive to the Organization. The deferred lease incentive associated with these buyouts will be amortized over five years (the term of the new leases) and is included in deferred lease incentive on the accompanying consolidated statement of financial position as of June 30, 2021 and 2020. Approximately \$26,000 is expected to be recognized annually through 2022, with the remainder recognized in 2023.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE G: RETIREMENT PLAN

The Organization sponsors a defined contribution 403(b) plan covering all regular employees. The Organization matches employees' contributions based on years of service, up to a maximum of 7.5% of base salary. The Organization's total contribution to the Plan for the years ended June 30, 2021 and 2020 was \$468,855 and \$370,573, respectively.

NOTE H: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Organization. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying consolidated financial statements. Accordingly, no amounts have been provided in the accompanying consolidated financial statements for such potential claims.

NOTE I: CONCENTRATIONS

At June 30, 2021 and 2020, approximately 74% and 56%, respectively of grants and contracts receivables are due from New York State relating to certain grants. At June 30, 2021 and 2020, approximately 13% and 16% of grants and contracts receivables are due from NYCDOE relating to certain grants, respectively.

During the years ended June 30, 2021, and 2020, 83% and 84%, respectively of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which each Charter School's students reside.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE J: LONG-TERM DEBT

| | June 30, | |
|--|--------------|--------------|
| | 2021 | 2020 |
| Capital lease, due in monthly installments of \$3,680, including interest at 5.8%, through May 2023. The lease is collateralized by the underlying equipment with a net book value of \$77,124 and \$117,363 at June 30, 2021 and 2020, respectively. | \$ 77,113 | \$ 116,678 |
| Capital lease, due in monthly installments of \$6,997, including interest at 6.2%, through August 2023. The lease is collateralized by the underlying equipment with a net book value of \$166,470 at June 30, 2021. | 167,288 | - |
| Capital lease, due in monthly installments of \$3,553, including interest at 6.2%, through September 2023. The lease is collateralized by the underlying equipment with a net book value of \$87,793 at June 30, 2021. | 85,078 | - |
| Loan payable to nonprofit revolving loan fund, due in monthly installments of \$33,970, including interest at 4.1% through November 2020. Effective November 1, 2020 the loan was amended to decrease the interest rate to 3.7% through August 2050 and the loan payments were reamortized. Installments of \$32,359 including interest are due monthly. The loan is secured by a leasehold mortgage on certain property as well as a first priority lien security interest in the gross revenues of Friends. In connection with this loan, Public Prep Academies and Boys Prep specifically are both subject to certain financial and operational covenants. The Organization was in compliance with these covenants as of June 30, 2021. | 6,921,834 | - |
| Loan payable through the Paycheck Protection Program, forgiven in full in June 2021. See further details below. | - | 4,301,000 |
| Loans payable repaid during fiscal year 2021 | - | 6,231,501 |
| | 7,251,313 | 10,649,179 |
| Less unamortized debt issuance costs | (415,164) | - |
| Less current portion of long-term debt | (288,882) | (1,640,444) |
| | \$ 6,547,267 | \$ 9,008,735 |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE J: LONG-TERM DEBT, Cont'd

In response to the COVID-19 outbreak, in April 2020 the School applied for and was approved by a bank for a loan of \$4,301,000 through the Paycheck Protection Program established by the Small Business Administration, as shown above. The loan had a maturity of 2 years and an interest rate of 1%. The loan had the potential for forgiveness provided certain requirements were met by the School. The loan was funded on April 24, 2020. The Organization applied for and was approved for full forgiveness of the loan in June 2021.

Estimated annual maturities of long-term debt at June 30, 2021 as described above, are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2022 | \$ 288,882 |
| 2023 | 296,931 |
| 2024 | 162,417 |
| 2025 | 150,219 |
| 2026 | 155,873 |
| Thereafter | <u>6,196,991</u> |
| | <u>\$ 7,251,313</u> |

NOTE K: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function (including salaries, benefits, management fees, purchased services, occupancy, supplies, and depreciation) are allocated on the basis of estimates of time, effort, and usage.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE L: NET ASSETS

Net assets without donor restrictions are as follows:

| | <u>June 30,</u> | |
|---|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| Undesignated | \$ 14,651,815 | \$ 5,778,266 |
| Invested in property and equipment, net of related debt | <u>5,267,721</u> | <u>5,520,844</u> |
| | <u>\$ 19,919,536</u> | <u>\$ 11,299,110</u> |

Net assets with donor restrictions are as follows:

| | <u>June 30,</u> | |
|---|-----------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| Subject to expenditure for specified purpose: | | |
| Eyeglasses | \$ 2,842 | \$ 2,842 |
| Boys Prep operations | <u>-</u> | <u>97,591</u> |
| | <u>\$ 2,842</u> | <u>\$ 100,433</u> |

NOTE M: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Organization has recognized \$1,036,594 of revenue relative to ESSER grants during the year ended June 30, 2021.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE N: RENEWAL PROCESS

The Organization is currently in the process of renewing the charter for Girls Prep Bronx as granted by the Board of Regents of the University of the State of New York. The charter currently expires July 31, 2022. The renewal process includes review by the Board of Regents of the University of the State of New York (SUNY) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. Upon review of the renewal application and results, SUNY will determine if the charter should be renewed and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Organization expects the charter to be renewed.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Public Prep Charter School Academies

We have audited the consolidated financial statements of Public Prep Charter School Academies as of and for the year ended June 30, 2021, and have issued our report thereon dated October 29, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and are not required parts of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the year ended June 30, 2021, as a whole.

We have also audited the consolidated financial statements of Public Prep Charter School Academies as of and for the year ended June 30, 2020, and our report thereon dated October 27, 2020, expressed an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on those consolidated financial statements as a whole. The 2020 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2020 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 consolidated financial statements or to the 2020 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the year ended June 30, 2020, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 29, 2021

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY CHARTER

JUNE 30, 2021

| ASSETS | Public Prep Charter School Academies | | | | | | | | Friends of Girls Preparatory Charter School of New York | Eliminations | Consolidated Total |
|---|---|--|--|---|--|-------------------|------------------|----------------------|--|--------------|-----------------------|
| | Girls Preparatory Charter School of New York | Boys Preparatory Charter School of New York | Girls Preparatory Charter School of the Bronx | Girls Preparatory Charter School of the Bronx II | PrePrep: the Joan Ganz Cooney Early Learning Program | PrePrep 2 | Pre Prep 3 | Total | | | |
| CURRENT ASSETS | | | | | | | | | | | |
| Cash | \$ 4,322,454 | \$ 7,005,359 | \$ 2,589,726 | \$ - | \$ 181,942 | \$ - | \$ - | \$ 14,099,481 | \$ 3,846,014 | \$ - | \$ 17,945,495 |
| Grants and contracts receivable | 371,377 | 550,372 | 653,300 | 317,303 | 15,159 | - | - | 1,907,511 | 3,965 | - | 1,911,476 |
| Prepaid expenses and other current assets | 102,947 | 186,386 | 186,288 | 52,409 | 11,224 | 10,978 | 3,659 | 553,891 | 255,176 | - | 809,067 |
| TOTAL CURRENT ASSETS | 4,796,778 | 7,742,117 | 3,429,314 | 369,712 | 208,325 | 10,978 | 3,659 | 16,560,883 | 4,105,155 | - | 20,666,038 |
| OTHER ASSETS | | | | | | | | | | | |
| Property and equipment, net | 540,578 | 955,978 | 777,794 | 229,597 | 11,230 | 99,833 | 12,008 | 2,627,018 | 9,476,852 | - | 12,103,870 |
| Related party receivables (payables) | 69,363 | 1,958,975 | 7,123,758 | 262,704 | (351,303) | 37,731 | 1,592 | 9,102,820 | (8,347,198) | - | 755,622 |
| Security deposit | - | 502,325 | - | - | - | - | - | 502,325 | - | - | 502,325 |
| Cash in escrow | 200,329 | - | - | - | - | - | - | 200,329 | - | - | 200,329 |
| | 810,270 | 3,417,278 | 7,901,552 | 492,301 | (340,073) | 137,564 | 13,600 | 12,432,492 | 1,129,654 | - | 13,562,146 |
| TOTAL ASSETS | \$ 5,607,048 | \$ 11,159,395 | \$ 11,330,866 | \$ 862,013 | \$ (131,748) | \$ 148,542 | \$ 17,259 | \$ 28,993,375 | \$ 5,234,809 | \$ - | \$ 34,228,184 |
| LIABILITIES AND NET ASSETS (DEFICIT) | | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 503,123 | \$ 396,473 | \$ 457,731 | \$ 239,497 | \$ 4,535 | \$ 2,983 | \$ 415 | \$ 1,604,757 | \$ 2,621 | \$ - | \$ 1,607,378 |
| Accrued payroll and benefits | 1,016,957 | 1,111,412 | 1,306,155 | 151,497 | 69,461 | 76,615 | 36,499 | 3,768,596 | - | - | 3,768,596 |
| Current portion of deferred lease incentive | 13,048 | - | 12,955 | - | - | - | - | 26,003 | - | - | 26,003 |
| Current portion of long-term debt | 51,738 | 25,671 | 51,342 | 25,671 | - | - | - | 154,422 | 134,460 | - | 288,882 |
| TOTAL CURRENT LIABILITIES | 1,584,866 | 1,533,556 | 1,828,183 | 416,665 | 73,996 | 79,598 | 36,914 | 5,553,778 | 137,081 | - | 5,690,859 |
| LONG-TERM LIABILITIES | | | | | | | | | | | |
| Long-term debt, net of unamortized debt issuance costs of \$415,164 at June 30, 2021 | 57,478 | 29,395 | 58,789 | 29,395 | - | - | - | 175,057 | 6,372,210 | - | 6,547,267 |
| Deferred lease incentive | 9,785 | - | 3,615 | - | - | - | - | 13,400 | - | - | 13,400 |
| Deferred lease liability | - | - | - | - | - | - | - | - | 2,037,613 | - | 2,037,613 |
| Security deposit payable | - | - | - | - | - | - | - | - | 16,667 | - | 16,667 |
| TOTAL LIABILITIES | 1,652,129 | 1,562,951 | 1,890,587 | 446,060 | 73,996 | 79,598 | 36,914 | 5,742,235 | 8,563,571 | - | 14,305,806 |
| NET ASSETS (DEFICIT) | | | | | | | | | | | |
| Without donor restrictions | 3,952,077 | 9,596,444 | 9,440,279 | 415,953 | (205,744) | 68,944 | (19,655) | 23,248,298 | (3,328,762) | - | 19,919,536 |
| With donor restrictions | 2,842 | - | - | - | - | - | - | 2,842 | - | - | 2,842 |
| TOTAL NET ASSETS (DEFICIT) | 3,954,919 | 9,596,444 | 9,440,279 | 415,953 | (205,744) | 68,944 | (19,655) | 23,251,140 | (3,328,762) | - | 19,922,378 |
| TOTAL LIABILITIES AND NET ASSETS (DEFICIT) | \$ 5,607,048 | \$ 11,159,395 | \$ 11,330,866 | \$ 862,013 | \$ (131,748) | \$ 148,542 | \$ 17,259 | \$ 28,993,375 | \$ 5,234,809 | \$ - | \$ 34,228,184 |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2021

| | Public Prep Charter School Academies | | | | | | | | | | |
|---|---|--|--|---|--|------------------|--------------------|----------------------|--|--------------------|-----------------------|
| | Girls Preparatory Charter School of New York | Boys Preparatory Charter School of New York | Girls Preparatory Charter School of the Bronx | Girls Preparatory Charter School of the Bronx II | PrePrep: the Joan Ganz Cooney Early Learning Program | PrePrep 2 | Pre Prep 3 | Total | Friends of Girls Preparatory Charter School of New York | Eliminations | Consolidated Total |
| Revenue, gains and other support: | | | | | | | | | | | |
| Public school district: | | | | | | | | | | | |
| Resident student enrollment | \$ 8,421,614 | \$ 12,031,629 | \$ 11,533,086 | \$ 1,165,999 | \$ 598,101 | \$ 645,981 | \$ 207,364 | \$ 34,603,774 | \$ - | \$ - | \$ 34,603,774 |
| Students with disabilities | 1,741,330 | 1,816,767 | 1,893,045 | 156,016 | - | - | - | 5,607,158 | - | - | 5,607,158 |
| Grants and contracts: | | | | | | | | | | | |
| State and local | 248,614 | 46,933 | 411,728 | 4,113 | - | - | - | 711,388 | - | - | 711,388 |
| Federal - Title and IDEA | 340,319 | 544,369 | 704,444 | 90,738 | - | - | - | 1,679,870 | - | - | 1,679,870 |
| Federal - other | 236,552 | 424,993 | 513,794 | 389,842 | - | - | - | 1,565,181 | - | - | 1,565,181 |
| NYC DOE rental assistance | - | 3,602,668 | - | 349,800 | - | - | - | 3,952,468 | - | - | 3,952,468 |
| Food Service/Child Nutrition Program | - | 455,992 | - | - | - | - | - | 455,992 | - | - | 455,992 |
| TOTAL REVENUE, GAINS AND OTHER SUPPORT | 10,988,429 | 18,923,351 | 15,056,097 | 2,156,508 | 598,101 | 645,981 | 207,364 | 48,575,831 | - | - | 48,575,831 |
| Expenses: | | | | | | | | | | | |
| Program services: | | | | | | | | | | | |
| Regular education | 7,140,472 | 11,069,821 | 9,535,520 | 1,340,457 | - | - | - | 29,086,270 | 3,330,512 | (2,828,643) | 29,588,139 |
| Special education | 1,980,977 | 3,197,227 | 2,140,432 | 269,467 | - | - | - | 7,588,103 | 962,447 | (831,053) | 7,719,497 |
| Pre-K | - | - | - | - | 698,222 | 668,080 | 212,276 | 1,578,578 | 289,378 | (55,000) | 1,812,956 |
| Total Program Services | 9,121,449 | 14,267,048 | 11,675,952 | 1,609,924 | 698,222 | 668,080 | 212,276 | 38,252,951 | 4,582,337 | (3,714,696) | 39,120,592 |
| Management and general | 1,384,637 | 1,805,851 | 1,559,870 | 405,515 | 10,658 | 39,067 | 11,173 | 5,216,771 | 508,195 | (406,633) | 5,318,333 |
| Fundraising and special events | 15,216 | 20,709 | 20,078 | 1,983 | - | - | - | 57,986 | - | - | 57,986 |
| TOTAL OPERATING EXPENSES | 10,521,302 | 16,093,608 | 13,255,900 | 2,017,422 | 708,880 | 707,147 | 223,449 | 43,527,708 | 5,090,532 | (4,121,329) | 44,496,911 |
| SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS | 467,127 | 2,829,743 | 1,800,197 | 139,086 | (110,779) | (61,166) | (16,085) | 5,048,123 | (5,090,532) | 4,121,329 | 4,078,920 |
| Support and other revenue: | | | | | | | | | | | |
| Contributions: | | | | | | | | | | | |
| Foundations | - | 10,000 | - | - | - | - | - | 10,000 | - | - | 10,000 |
| Individuals | 1,100 | - | - | - | - | - | - | 1,100 | - | - | 1,100 |
| Interest income | 24 | 7 | 22 | - | - | - | - | 53 | - | - | 53 |
| Other income | (450) | 587 | 15,794 | - | - | - | - | 15,931 | 2,841 | - | 18,772 |
| Paycheck Protection Program loan forgiveness | 1,093,459 | 1,560,215 | 1,495,589.00 | 151,737 | - | - | - | 4,301,000 | - | - | 4,301,000 |
| Rental income | - | - | - | - | - | - | - | - | 4,234,319 | (4,121,329) | 112,990 |
| TOTAL SUPPORT AND OTHER REVENUE | 1,094,133 | 1,570,809 | 1,511,405 | 151,737 | - | - | - | 4,328,084 | 4,237,160 | (4,121,329) | 4,443,915 |
| CHANGE IN NET ASSETS | 1,561,260 | 4,400,552 | 3,311,602 | 290,823 | (110,779) | (61,166) | (16,085) | 9,376,207 | (853,372) | - | 8,522,835 |
| Net assets (deficit) at beginning of year | 2,393,659 | 5,195,892 | 6,128,677 | 125,130 | (94,965) | 130,110 | (3,570) | 13,874,933 | (2,475,390) | - | 11,399,543 |
| NET ASSETS (DEFICIT) AT END OF YEAR | \$ 3,954,919 | \$ 9,596,444 | \$ 9,440,279 | \$ 415,953 | \$ (205,744) | \$ 68,944 | \$ (19,655) | \$ 23,251,140 | \$ (3,328,762) | \$ - | \$ 19,922,378 |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – GIRLS PREPARATORY CHARTER
SCHOOL OF NEW YORK

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | No. of Positions | Program Services | | | Supporting Services | | | Total | |
|--|---------------------|----------------------|----------------------|---------------------|------------------------------|--------------------------------------|---------------------|----------------------|----------------------|
| | | Regular Education | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | Year ended June 30, | |
| | | | | | | | | 2021 | 2020 |
| Personnel services costs: | | | | | | | | | |
| Administrative staff personnel | 15 | \$ 560,366 | \$ 161,878 | \$ 722,244 | \$ 845,385 | \$ - | \$ 845,385 | \$ 1,567,629 | \$ 1,594,669 |
| Instructional personnel | <u>58</u> | <u>3,607,295</u> | <u>1,042,077</u> | <u>4,649,372</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,649,372</u> | <u>4,873,947</u> |
| Total personnel services costs | 73 | 4,167,661 | 1,203,955 | 5,371,616 | 845,385 | - | 845,385 | 6,217,001 | 6,468,616 |
| Fringe benefits and payroll taxes | | 909,145 | 262,634 | 1,171,779 | 184,414 | - | 184,414 | 1,356,193 | 1,402,838 |
| Retirement | | 95,651 | 27,632 | 123,283 | 19,402 | - | 19,402 | 142,685 | 137,721 |
| Management company fees | | 1,065,103 | 213,021 | 1,278,124 | 228,237 | 15,216 | 243,453 | 1,521,577 | 1,553,899 |
| Accounting and auditing services | | - | - | - | 4,554 | - | 4,554 | 4,554 | 21,653 |
| Other professional and consulting services | | 110,480 | 44,816 | 155,296 | 15,822 | - | 15,822 | 171,118 | 261,554 |
| Rent | | 3,495 | 1,010 | 4,505 | 501 | - | 501 | 5,006 | - |
| Repairs and maintenance | | 15,911 | 4,596 | 20,507 | 2,279 | - | 2,279 | 22,786 | 21,564 |
| Insurance | | 37,576 | 10,855 | 48,431 | 5,381 | - | 5,381 | 53,812 | 64,188 |
| Utilities | | 51,403 | 14,849 | 66,252 | 7,361 | - | 7,361 | 73,613 | 47,085 |
| Supplies and materials | | 158,827 | 45,882 | 204,709 | - | - | - | 204,709 | 207,011 |
| Equipment and furnishings | | 8,428 | 2,435 | 10,863 | 1,207 | - | 1,207 | 12,070 | 3,165 |
| Staff development | | 137,714 | 39,783 | 177,497 | 20,548 | - | 20,548 | 198,045 | 153,951 |
| Marketing and recruiting | | 14,312 | 4,135 | 18,447 | 2,050 | - | 2,050 | 20,497 | 9,220 |
| Technology | | 71,074 | 20,532 | 91,606 | 10,179 | - | 10,179 | 101,785 | 93,915 |
| Food service | | 1,587 | 458 | 2,045 | - | - | - | 2,045 | 4,418 |
| Student services | | 52,293 | 15,107 | 67,400 | 2,974 | - | 2,974 | 70,374 | 242,484 |
| Office expense | | 108,563 | 31,362 | 139,925 | 15,547 | - | 15,547 | 155,472 | 190,104 |
| Depreciation and amortization | | 125,843 | 36,354 | 162,197 | 18,022 | - | 18,022 | 180,219 | 168,614 |
| Other | | 5,406 | 1,561 | 6,967 | 774 | - | 774 | 7,741 | 46,820 |
| | | <u>\$ 7,140,472</u> | <u>\$ 1,980,977</u> | <u>\$ 9,121,449</u> | <u>\$ 1,384,637</u> | <u>\$ 15,216</u> | <u>\$ 1,399,079</u> | <u>\$ 10,521,302</u> | <u>\$ 11,098,820</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
BOYS PREPARATORY CHARTER SCHOOL OF NEW YORK

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | No. of Positions | Program Services | | | Supporting Services | | | Total | |
|---|---------------------|----------------------|----------------------|----------------------|------------------------------|--------------------------------------|---------------------|----------------------|----------------------|
| | | Regular Education | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | Year ended June 30, | |
| | | | | | | | | 2021 | 2020 |
| Personnel services costs: | | | | | | | | | |
| Administrative staff personnel | 16 | \$ 534,089 | \$ 160,649 | \$ 694,738 | \$ 654,929 | \$ - | \$ 654,929 | \$ 1,349,667 | \$ 1,159,918 |
| Instructional personnel | 77 | 3,999,851 | 1,203,118 | 5,202,969 | - | - | - | 5,202,969 | 4,346,902 |
| Non-instructional personnel | <u>2</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>132,482</u> | <u>-</u> | <u>132,482</u> | <u>132,482</u> | <u>121,862</u> |
| Total personnel services costs | 95 | 4,533,940 | 1,363,767 | 5,897,707 | 787,411 | - | 787,411 | 6,685,118 | 5,628,682 |
| Fringe benefits and payroll taxes | | 1,038,855 | 312,478 | 1,351,333 | 180,418 | - | 180,418 | 1,531,751 | 1,202,779 |
| Retirement | | 68,551 | 20,619 | 89,170 | 11,905 | - | 11,905 | 101,075 | 80,940 |
| Management company fees | | 1,449,629 | 289,926 | 1,739,555 | 310,635 | 20,709 | 331,344 | 2,070,899 | 1,685,031 |
| Accounting and auditing services | | - | - | - | 4,554 | - | 4,554 | 4,554 | 19,227 |
| Other professional and consulting services | | 161,525 | 61,485 | 223,010 | 23,346 | - | 23,346 | 246,356 | 290,951 |
| Building rent / lease / facility finance interest | | 2,560,230 | 770,093 | 3,330,323 | 370,036 | - | 370,036 | 3,700,359 | 2,945,034 |
| Repairs and maintenance | | 7,700 | 2,316 | 10,016 | 1,113 | - | 1,113 | 11,129 | 1,770 |
| Insurance | | 52,582 | 15,816 | 68,398 | 7,600 | - | 7,600 | 75,998 | 59,876 |
| Utilities | | 107,731 | 32,405 | 140,136 | 15,571 | - | 15,571 | 155,707 | 43,929 |
| Supplies and materials | | 171,832 | 52,423 | 224,255 | - | - | - | 224,255 | 360,207 |
| Equipment and furnishings | | 11,967 | 3,599 | 15,566 | 1,730 | - | 1,730 | 17,296 | 3,839 |
| Staff development | | 122,389 | 36,813 | 159,202 | 17,878 | - | 17,878 | 177,080 | 118,031 |
| Marketing and recruiting | | 22,469 | 6,759 | 29,228 | 3,248 | - | 3,248 | 32,476 | 5,962 |
| Technology | | 51,517 | 15,496 | 67,013 | 7,446 | - | 7,446 | 74,459 | 57,746 |
| Food service | | 255,563 | 76,871 | 332,434 | - | - | - | 332,434 | 385,453 |
| Student services | | 29,934 | 9,004 | 38,938 | 1,764 | - | 1,764 | 40,702 | 59,006 |
| Office expense | | 158,756 | 47,752 | 206,508 | 22,945 | - | 22,945 | 229,453 | 150,402 |
| Depreciation and amortization | | 260,261 | 78,284 | 338,545 | 37,616 | - | 37,616 | 376,161 | 326,485 |
| Other | | 4,390 | 1,321 | 5,711 | 635 | - | 635 | 6,346 | 19,905 |
| | | <u>\$ 11,069,821</u> | <u>\$ 3,197,227</u> | <u>\$ 14,267,048</u> | <u>\$ 1,805,851</u> | <u>\$ 20,709</u> | <u>\$ 1,826,560</u> | <u>\$ 16,093,608</u> | <u>\$ 13,445,255</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
GIRLS PREPARATORY CHARTER SCHOOL OF THE BRONX

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | No. of Positions | Program Services | | | Supporting Services | | | Total | |
|--|---------------------|----------------------|----------------------|----------------------|------------------------------|--------------------------------------|---------------------|----------------------|----------------------|
| | | Regular Education | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | Year ended June 30, | |
| | | | | | | | | 2021 | 2020 |
| Personnel services costs: | | | | | | | | | |
| Administrative staff personnel | 21 | \$ 776,438 | \$ 176,339 | \$ 952,777 | \$ 915,822 | \$ - | \$ 915,822 | \$ 1,868,599 | \$ 1,805,464 |
| Instructional personnel | 87 | 4,875,665 | 1,107,326 | 5,982,991 | - | - | - | 5,982,991 | 5,997,835 |
| Total personnel services costs | 108 | 5,652,103 | 1,283,665 | 6,935,768 | 915,822 | - | 915,822 | 7,851,590 | 7,803,299 |
| Fringe benefits and payroll taxes | | 1,170,775 | 265,898 | 1,436,673 | 189,703 | - | 189,703 | 1,626,376 | 1,631,223 |
| Retirement | | 122,373 | 27,792 | 150,165 | 20,197 | - | 20,197 | 170,362 | 133,168 |
| Management company fees | | 1,405,496 | 281,099 | 1,686,595 | 301,177 | 20,078 | 321,255 | 2,007,850 | 2,071,737 |
| Accounting and auditing services | | - | - | - | 4,554 | - | 4,554 | 4,554 | 21,653 |
| Other professional and consulting services | | 187,611 | 55,509 | 243,120 | 25,580 | - | 25,580 | 268,700 | 234,473 |
| Rent | | 1,908 | 433 | 2,341 | 260 | - | 260 | 2,601 | - |
| Repairs and maintenance | | 22,723 | 5,160 | 27,883 | 3,098 | - | 3,098 | 30,981 | 29,334 |
| Insurance | | 49,049 | 11,140 | 60,189 | 6,688 | - | 6,688 | 66,877 | 66,188 |
| Utilities | | 94,203 | 21,395 | 115,598 | 12,844 | - | 12,844 | 128,442 | 74,688 |
| Supplies and materials | | 185,866 | 42,213 | 228,079 | - | - | - | 228,079 | 328,651 |
| Equipment and furnishings | | 11,951 | 2,714 | 14,665 | 1,630 | - | 1,630 | 16,295 | 3,957 |
| Staff development | | 152,825 | 34,709 | 187,534 | 21,369 | - | 21,369 | 208,903 | 210,803 |
| Marketing and recruiting | | 11,471 | 2,605 | 14,076 | 1,564 | - | 1,564 | 15,640 | 13,433 |
| Technology | | 60,640 | 13,772 | 74,412 | 8,268 | - | 8,268 | 82,680 | 110,899 |
| Food service | | 7,248 | 1,646 | 8,894 | - | - | - | 8,894 | 8,480 |
| Student services | | 67,998 | 15,444 | 83,442 | 1,947 | - | 1,947 | 85,389 | 151,731 |
| Office expense | | 123,462 | 28,040 | 151,502 | 16,834 | - | 16,834 | 168,336 | 173,978 |
| Depreciation and amortization | | 202,852 | 46,070 | 248,922 | 27,658 | - | 27,658 | 276,580 | 258,345 |
| Other | | 4,966 | 1,128 | 6,094 | 677 | - | 677 | 6,771 | 37,737 |
| | | <u>\$ 9,535,520</u> | <u>\$ 2,140,432</u> | <u>\$ 11,675,952</u> | <u>\$ 1,559,870</u> | <u>\$ 20,078</u> | <u>\$ 1,579,948</u> | <u>\$ 13,255,900</u> | <u>\$ 13,363,777</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
GIRLS PREPARATORY CHARTER SCHOOL OF THE BRONX II

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | No. of Positions | Program Services | | | Supporting Services | | | Total | |
|---|---------------------|----------------------|----------------------|--------------|------------------------------|--------------------------------------|------------|---------------------|------------|
| | | Regular Education | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | Year ended June 30, | |
| | | | | | | | | 2021 | 2020 |
| Personnel services costs: | | | | | | | | | |
| Administrative staff personnel | 3 | \$ 70,737 | \$ 16,065 | \$ 86,802 | \$ 240,961 | \$ - | \$ 240,961 | \$ 327,763 | \$ 157,397 |
| Instructional personnel | 8 | 462,149 | 82,682 | 544,831 | - | - | - | 544,831 | - |
| Total personnel services costs | 11 | 532,886 | 98,747 | 631,633 | 240,961 | - | 240,961 | 872,594 | 157,397 |
| Fringe benefits and payroll taxes | | 112,477 | 20,843 | 133,320 | 50,860 | - | 50,860 | 184,180 | 25,294 |
| Retirement | | 17,072 | 3,164 | 20,236 | 7,720 | - | 7,720 | 27,956 | 1,988 |
| Management company fees | | 138,812 | 27,762 | 166,574 | 29,745 | 1,983 | 31,728 | 198,302 | 200,000 |
| Accounting and auditing services | | - | - | - | 12,113 | - | 12,113 | 12,113 | - |
| Other professional and consulting services | | 53,141 | 12,069 | 65,210 | 7,246 | - | 7,246 | 72,456 | 9,000 |
| Building rent / lease / facility finance interest | | 268,413 | 60,960 | 329,373 | 36,597 | - | 36,597 | 365,970 | - |
| Repairs and maintenance | | 8,409 | 1,910 | 10,319 | 1,146 | - | 1,146 | 11,465 | - |
| Insurance | | 7,151 | 1,624 | 8,775 | 975 | - | 975 | 9,750 | - |
| Utilities | | 4,917 | 1,117 | 6,034 | 670 | - | 670 | 6,704 | - |
| Supplies and materials | | 69,456 | 12,426 | 81,882 | - | - | - | 81,882 | - |
| Equipment and furnishings | | 4,841 | 1,100 | 5,941 | 660 | - | 660 | 6,601 | - |
| Staff development | | 40,453 | 9,136 | 49,589 | 5,901 | - | 5,901 | 55,490 | 250 |
| Marketing and recruiting | | - | - | - | - | - | - | - | 20,453 |
| Technology | | 17,556 | 3,987 | 21,543 | 2,394 | - | 2,394 | 23,937 | 814 |
| Food service | | 7,778 | 1,392 | 9,170 | - | - | - | 9,170 | - |
| Student services | | - | - | - | 432 | - | 432 | 432 | - |
| Office expense | | 23,911 | 5,694 | 29,605 | 3,571 | - | 3,571 | 33,176 | - |
| Depreciation and amortization | | 30,703 | 6,973 | 37,676 | 4,186 | - | 4,186 | 41,862 | 559 |
| Other | | 2,481 | 563 | 3,044 | 338 | - | 338 | 3,382 | 124 |
| | | \$ 1,340,457 | \$ 269,467 | \$ 1,609,924 | \$ 405,515 | \$ 1,983 | \$ 407,498 | \$ 2,017,422 | \$ 415,879 |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
PREPREP: THE JOAN GANZ COONEY EARLY LEARNING PROGRAM

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | No. of Positions | Program Services | Supporting Services | | Total | |
|--|---------------------|---------------------|------------------------------|--------------------------------------|---------------------|-------------------|
| | | Pre-K | Management and general | Fundraising and special events | Year ended June 30, | |
| | | | | | | 2021 |
| Personnel services costs: | | | | | | |
| Administrative staff personnel | - | \$ 17,050 | \$ - | \$ - | \$ 17,050 | \$ 32,953 |
| Instructional personnel | <u>6</u> | <u>426,883</u> | <u>-</u> | <u>-</u> | <u>426,883</u> | <u>501,690</u> |
| Total personnel services costs | 6 | 443,933 | - | - | 443,933 | 534,643 |
| Fringe benefits and payroll taxes | | 84,418 | - | - | 84,418 | 124,363 |
| Retirement | | 12,267 | - | - | 12,267 | 11,223 |
| Other professional and consulting services | | - | 8,991 | - | 8,991 | 6,245 |
| Insurance | | 14,679 | - | - | 14,679 | - |
| Utilities | | 3,521 | 1,667 | - | 5,188 | - |
| Supplies and materials | | 17,566 | - | - | 17,566 | 14,707 |
| Staff development | | 360 | - | - | 360 | - |
| Marketing and recruiting | | 910 | - | - | 910 | - |
| Food service | | 202 | - | - | 202 | - |
| Student services | | 482 | - | - | 482 | 172 |
| Office expense | | 5,308 | - | - | 5,308 | 1,200 |
| Depreciation and amortization | | 3,825 | - | - | 3,825 | 6,501 |
| Other | | <u>110,751</u> | <u>-</u> | <u>-</u> | <u>110,751</u> | <u>-</u> |
| | | <u>\$ 698,222</u> | <u>\$ 10,658</u> | <u>\$ -</u> | <u>\$ 708,880</u> | <u>\$ 699,054</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
PREPREP 2

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | No. of Positions | Program Services | Supporting Services | | Total | |
|--|---------------------|---------------------|------------------------------|--------------------------------------|------------------------|-------------------|
| | | Pre-K 2 | Management and general | Fundraising and special events | Year ended June 30, | |
| | | | | | 2021 | 2020 |
| Personnel services costs: | | | | | | |
| Administrative staff personnel | - | \$ 18,083 | \$ - | \$ - | \$ 18,083 | \$ 28,800 |
| Instructional personnel | <u>6</u> | <u>440,368</u> | <u>-</u> | <u>-</u> | <u>440,368</u> | <u>318,333</u> |
| Total personnel services costs | 6 | 458,451 | - | - | 458,451 | 347,133 |
| Fringe benefits and payroll taxes | | 35,494 | - | - | 35,494 | 28,952 |
| Retirement | | 11,939 | - | - | 11,939 | 5,533 |
| Other professional and consulting services | | - | 11,711 | - | 11,711 | 9,614 |
| Rent | | 55,000 | - | - | 55,000 | 40,000 |
| Insurance | | 7,261 | - | - | 7,261 | 6,312 |
| Utilities | | 1,492 | 27,356 | - | 28,848 | 2,000 |
| Supplies and materials | | 6,226 | - | - | 6,226 | 4,137 |
| Staff development | | 360 | - | - | 360 | - |
| Marketing and recruiting | | 589 | - | - | 589 | 100 |
| Food service | | 21,204 | - | - | 21,204 | 18,819 |
| Student services | | 22 | - | - | 22 | - |
| Office expense | | 2,710 | - | - | 2,710 | 601 |
| Depreciation and amortization | | 22,000 | - | - | 22,000 | 22,000 |
| Other | | 45,332 | - | - | 45,332 | - |
| | | <u>\$ 668,080</u> | <u>\$ 39,067</u> | <u>\$ -</u> | <u>\$ 707,147</u> | <u>\$ 485,201</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
PREPREP 3

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | No. of Positions | Program Services | Supporting Services | | Total | |
|--|---------------------|---------------------|------------------------------|--------------------------------------|---------------------|-------------------|
| | | Pre-K 3 | Management and general | Fundraising and special events | Year ended June 30, | |
| | | | 2021 | 2020 | | |
| Personnel services costs: | | | | | | |
| Administrative staff personnel | - | \$ 12,400 | \$ - | \$ - | \$ 12,400 | \$ 28,367 |
| Instructional personnel | <u>2</u> | <u>167,030</u> | <u>-</u> | <u>-</u> | <u>167,030</u> | <u>164,527</u> |
| Total personnel services costs | 2 | 179,430 | - | - | 179,430 | 192,894 |
| Fringe benefits and payroll taxes | | 14,317 | - | - | 14,317 | 15,688 |
| Retirement | | 2,571 | - | - | 2,571 | - |
| Other professional and consulting services | | - | 9,079 | - | 9,079 | 9,311 |
| Insurance | | 4,442 | - | - | 4,442 | 2,000 |
| Utilities | | 1,354 | 2,094 | - | 3,448 | 1,500 |
| Supplies and materials | | 2,188 | - | - | 2,188 | 15,616 |
| Staff development | | 120 | - | - | 120 | 241 |
| Marketing and recruiting | | 25 | - | - | 25 | 100 |
| Student services | | 126 | - | - | 126 | - |
| Office expense | | 3,219 | - | - | 3,219 | 1,100 |
| Depreciation and amortization | | 3,894 | - | - | 3,894 | 3,570 |
| Other | | <u>590</u> | <u>-</u> | <u>-</u> | <u>590</u> | <u>-</u> |
| | | <u>\$ 212,276</u> | <u>\$ 11,173</u> | <u>\$ -</u> | <u>\$ 223,449</u> | <u>\$ 242,020</u> |

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES – FRIENDS OF GIRLS PREP

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | Program Services | | | | Supporting Services | Total | |
|---|---------------------|-------------------|-------------------|---------------------|------------------------|--------------------------|---------------------|
| | Regular Education | Special Education | Pre-K | Sub-total | Management and general | Year ended June 30, 2021 | 2020 |
| Legal Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 20,549 |
| Accounting and auditing services | - | - | - | - | - | - | 2,625 |
| Other professional and consulting services | 266,395 | 76,982 | 23,146 | 366,523 | 39,771 | 406,294 | 334,460 |
| Building rent / lease / facility finance interest | 2,127,370 | 614,766 | 184,841 | 2,926,977 | 325,220 | 3,252,197 | 3,350,073 |
| Repairs and maintenance | 181,543 | 52,462 | 15,774 | 249,779 | 27,753 | 277,532 | 231,182 |
| Utilities | 103,732 | 29,976 | 9,013 | 142,721 | 15,858 | 158,579 | 325,537 |
| Taxes | 382,588 | 110,560 | 33,242 | 526,390 | 58,488 | 584,878 | 153,327 |
| Depreciation and amortization | 268,884 | 77,701 | 23,362 | 369,947 | 41,105 | 411,052 | 407,910 |
| | <u>\$ 3,330,512</u> | <u>\$ 962,447</u> | <u>\$ 289,378</u> | <u>\$ 4,582,337</u> | <u>\$ 508,195</u> | <u>\$ 5,090,532</u> | <u>\$ 4,825,663</u> |