

**PUBLIC PREP CHARTER SCHOOL ACADEMIES**

**NEW YORK, NEW YORK**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**OTHER FINANCIAL INFORMATION**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2020**

**(With Comparative Totals for 2019)**



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, 2020 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, 2020, 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 27, 2020 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, 2019, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Emphasis of Matters**

As discussed in Note A to the financial statements, in 2020, Public Prep Charter School Academies adopted new accounting guidance for recognition of revenue, contributions received, and statement of cash flows presentation. Our opinion is not modified with respect to these matters.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 27, 2020

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

<u>ASSETS</u>	June 30,	
	2020	2019
<u>CURRENT ASSETS</u>		
Cash	\$ 11,372,057	\$ 1,519,657
Grants and contracts receivable	2,473,293	3,431,440
Prepaid expenses and other current assets	396,099	726,594
TOTAL CURRENT ASSETS	14,241,449	5,677,691
<u>OTHER ASSETS</u>		
Property and equipment, net	11,869,023	11,437,573
Related party receivables, net	1,087,767	961,033
Security deposit	502,325	502,325
Cash in escrow	175,278	175,221
TOTAL ASSETS	\$ 27,875,842	\$ 18,753,843
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,601,676	\$ 1,161,357
Accrued payroll and benefits	2,731,393	2,589,808
Deferred revenue	-	367,358
Current portion of deferred lease incentive	26,003	26,003
Current portion of long-term debt	1,640,444	246,269
Security deposit payable	-	49,999
TOTAL CURRENT LIABILITIES	5,999,516	4,440,794
<u>LONG-TERM LIABILITIES</u>		
Long-term debt	9,008,735	5,333,088
Deferred lease incentive	39,404	65,406
Deferred lease liability	1,411,977	745,908
Security deposit payable	16,667	-
TOTAL LIABILITIES	16,476,299	10,585,196
<u>NET ASSETS</u>		
Without donor restrictions	11,299,110	7,972,374
With donor restrictions	100,433	196,273
TOTAL NET ASSETS	11,399,543	8,168,647
TOTAL LIABILITIES AND NET ASSETS	\$ 27,875,842	\$ 18,753,843

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, 2020  
(With Comparative Totals for 2019)

	Year ended June 30,			2019
	2020		Total	
	Without donor restrictions	With donor restrictions		
Revenue, gains and other support:				Total
Public school district:				
Resident student enrollment	\$ 32,253,722	\$ -	\$ 32,253,722	\$ 29,842,337
Students with disabilities	4,962,512	-	4,962,512	4,141,162
Grants and contracts:				
State and local	1,073,657	-	1,073,657	1,387,899
Federal - Title and IDEA	1,866,012	-	1,866,012	1,559,964
Federal - other	131,866	-	131,866	208,868
NYC DOE rental assistance	2,945,034	-	2,945,034	2,290,277
Food Service/Child Nutrition Program	379,105	-	379,105	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	43,611,908	-	43,611,908	39,430,507
Expenses:				
Program services:				
Regular education	26,245,473	-	26,245,473	28,186,807
Special education	9,367,093	-	9,367,093	6,881,085
Pre-K	1,401,818	-	1,401,818	904,852
Total program services	37,014,384	-	37,014,384	35,972,744
Management and general	4,523,145	-	4,523,145	3,764,842
Fundraising and special events	53,106	-	53,106	44,304
TOTAL OPERATING EXPENSES	41,590,635	-	41,590,635	39,781,890
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	2,021,273	-	2,021,273	(351,383)
Support and other revenue:				
Contributions:				
Foundations	45,050	-	45,050	325,000
Individuals	-	-	-	10,071
Corporations	550,025	-	550,025	459,076
Fundraising	1,500	-	1,500	1,823
Interest income	56	-	56	105
Other income	127,150	-	127,150	208,879
Rental income	485,842	-	485,842	97,170
Net assets released from restriction	95,840	(95,840)	-	-
TOTAL SUPPORT AND OTHER REVENUE	1,305,463	(95,840)	1,209,623	1,102,124
CHANGE IN NET ASSETS	3,326,736	(95,840)	3,230,896	750,741
Net assets at beginning of year	7,972,374	196,273	8,168,647	7,417,906
NET ASSETS AT END OF YEAR	\$ 11,299,110	\$ 100,433	\$ 11,399,543	\$ 8,168,647

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, 2020  
(With Comparative Totals for 2019)

	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,	
									2020	2019
Personnel services costs:										
Administrative staff personnel	52	\$ 2,555,048	\$ 565,087	\$ 90,120	\$ 3,210,255	\$ 1,597,313	\$ -	\$ 1,597,313	\$ 4,807,568	\$ 5,119,384
Instructional personnel	236	10,325,244	4,880,504	984,550	16,190,298	12,936	-	12,936	16,203,234	15,657,228
Non-instructional personnel	3	21,026	5,497	-	26,523	95,339	-	95,339	121,862	17,063
Total personnel services costs	291	12,901,318	5,451,088	1,074,670	19,427,076	1,705,588	-	1,705,588	21,132,664	20,793,675
Fringe benefits and payroll taxes		2,737,873	1,162,646	169,003	4,069,522	361,615	-	361,615	4,431,137	4,607,557
Retirement		232,746	92,245	16,756	341,747	28,826	-	28,826	370,573	307,190
Management company fees		3,831,967	743,493	-	4,575,460	882,101	53,106	935,207	5,510,667	4,430,460
Legal services		-	-	-	-	20,549	-	20,549	20,549	1,698
Accounting / audit services		-	-	-	-	65,158	-	65,158	65,158	58,358
Other purchased / professional / consulting services		589,500	221,663	3,259	814,422	341,186	-	341,186	1,155,608	985,400
Building rent / lease / facility finance interest		2,124,275	531,069	29,161	2,684,505	665,568	-	665,568	3,350,073	2,629,031
Repairs and maintenance		198,568	55,090	2,253	255,911	27,939	-	27,939	283,850	385,652
Insurance		122,024	52,018	8,312	182,354	16,210	-	16,210	198,564	169,218
Utilities		337,628	103,185	4,672	445,485	49,254	-	49,254	494,739	245,492
Supplies / materials		705,789	190,080	34,460	930,329	-	-	-	930,329	1,474,445
Equipment / furnishings		7,008	3,018	-	10,026	935	-	935	10,961	42,933
Staff development		386,594	95,801	241	482,636	640	-	640	483,276	630,664
Marketing / recruiting		38,865	8,809	200	47,874	1,394	-	1,394	49,268	56,520
Technology		143,753	35,428	-	179,181	84,193	-	84,193	263,374	158,767
Food service		315,969	82,382	18,819	417,170	-	-	-	417,170	166,424
Student services		363,500	89,721	172	453,393	-	-	-	453,393	827,190
Office expense		273,384	140,036	2,300	415,720	101,665	-	101,665	517,385	712,042
Depreciation and amortization		768,605	282,112	36,046	1,086,763	107,221	-	107,221	1,193,984	1,076,797
Other		166,107	27,209	1,494	194,810	63,103	-	63,103	257,913	22,377
		<u>\$ 26,245,473</u>	<u>\$ 9,367,093</u>	<u>\$ 1,401,818</u>	<u>\$ 37,014,384</u>	<u>\$ 4,523,145</u>	<u>\$ 53,106</u>	<u>\$ 4,576,251</u>	<u>\$ 41,590,635</u>	<u>\$ 39,781,890</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, 2020  
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 3,230,896	\$ 750,741
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,193,984	1,076,797
Changes in certain assets and liabilities affecting operations:		
Grants and other contracts receivable	958,147	(846,702)
Prepaid expenses and other current assets	330,495	(640,231)
Related party receivables and payables	(126,734)	(516,221)
Accounts payable and accrued expenses	440,319	355,083
Accrued payroll and benefits	141,585	116,408
Deferred revenue	(367,358)	131,499
Deferred lease incentive	(26,002)	(26,003)
Deferred lease liability	<u>666,069</u>	<u>745,908</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	6,441,401	1,147,279
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(606,305)	(5,037,048)
Security deposit	-	(7,325)
Security deposit payable	<u>(33,332)</u>	<u>49,999</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(639,637)</u>	<u>(4,994,374)</u>
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Proceeds from long-term debt	4,301,000	2,756,160
Repayments of long-term debt	<u>(250,307)</u>	<u>(176,803)</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>4,050,693</u>	<u>2,579,357</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	9,852,457	(1,267,738)
Cash and restricted cash at beginning of year	<u>1,694,878</u>	<u>2,962,616</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 11,547,335</u>	<u>\$ 1,694,878</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES  
CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Purchases of property and equipment financed with long-term debt	<u>\$ 1,019,129</u>	<u>\$ 3,000,000</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid for interest	<u>\$ 142,984</u>	<u>\$ 109,574</u>

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

PUBLIC PREP CHARTER SCHOOL ACADEMIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020  
(With Comparative Totals for 2019)

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”). The Organization is presenting consolidated financial statements because they have a common Board of Trustees and economic interest. 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. 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 and renewable upon expiration. Girls Prep Bronx II opened in the Fall of 2020.

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.

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, 2021.

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.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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.

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 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.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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 \$1,305,095 and \$869,876 for the years ended June 30, 2020 and 2019, 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:

	<u>June 30,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Grants and contracts receivable	\$ 791,954	\$ 821,870	\$ 686,812

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.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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, 2020. Deferred revenue relating to cost-reimbursable grants totaled \$164,488 at June 30, 2019. The Organization received cost-reimbursement grants of approximately \$42,556 that had not been recognized at June 30, 2020, because qualifying expenditures had not yet been incurred. There were no cost-reimbursement grants received that had not been recognized because qualifying expenditures had not yet been incurred at June 30, 2019.

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, 2020 and 2019 was \$175,278 and \$175,221, respectively. The escrow is restricted to fund legal and other costs related to the dissolution of the Organization, should dissolution become necessary.

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, 2020 or 2019.

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.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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, 2017 through June 30, 2020 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 \$49,300 and \$56,500 for the years ended June 30, 2020 and 2019, respectively.

Deferred revenue

The Organization records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Security deposits payable

The Organization subleases portions of one of the buildings it occupies and received security deposits in relation to the subleases.

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 \$666,069 and \$745,908 for the years ended June 30, 2020 and 2019, 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.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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.

Adoption of new accounting standards

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Organization adopted ASC 606 with the date of initial application of July 1, 2019.

The Organization applied ASC 606 using the cumulative effect method, which generally requires the recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets, at July 1, 2019. There was no adjustment to the opening balance of net assets at July 1, 2019, as a result of this new accounting standard. In addition, the comparative information has not been adjusted and continues to be reported under existing revenue guidance. The Organization does not expect the adoption of the new revenue standard to have a material impact on its income on an ongoing basis.

As part of the adoption of ASC 606, the Organization elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligation, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Contributions received and contributions made

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For most resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. The Organization adopted the provisions of ASU 2018-08 applicable to contributions received with a date of initial application of July 1, 2019 under a modified prospective basis. Accordingly, there is no effect on net assets.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year balance of cash in the statement of cash flows. ASC 230 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization adopted this standard as of July 1, 2019 using the retrospective transition method.

New accounting pronouncement – 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.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 27, 2020, which is the date the financial statements are available to be issued. Except as described in Note D, Note F and Note J, no subsequent events requiring disclosure were noted.

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 year ended June 30, 2019, the Organization entered into an agreement with PPN under which 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, plus a separate flat fee of \$50,000 of special education funding per campus totaling \$250,000. For the year ended June 30, 2020, the special education funding fee changed to an annual fee of 15% of the per pupil reimbursement rate for each special education student full-time equivalent. 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, 2020 and 2019 was \$5,510,667 and \$4,430,500, 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

JUNE 30, 2020

(With Comparative Totals for 2019)

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, 2020  
 (With Comparative Totals for 2019)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

Amounts due (to) from these related parties have no set repayment terms and as of June 30, 2019 were as follows:

	<u>Girls Preparatory Charter School of New York</u>	<u>Boys Preparatory Charter School of New York</u>	<u>Girls Preparatory Charter School of the Bronx</u>	<u>PrePrep: the Joan Ganz Cooney Early Learning Program</u>	<u>PrePrep 2</u>	<u>Friends of Girls Preparatory Charter School of New York</u>	<u>Eliminations</u>	<u>Total</u>
Due from (to) Public Preparatory Network, Inc.	\$ 78,941	\$ 696,970	\$ 185,138	\$ (16)	\$ -	\$ -	\$ -	\$ 961,033
Due from (to) Girls Preparatory Charter School of New York	-	(1,650,964)	(27,147)	122,990	-	-	1,555,121	-
Due from (to) Boys Preparatory Charter School of New York	1,650,964	-	1,917,146	-	(297,373)	(4,053,701)	782,964	-
Due from (to) Girls Preparatory Charter School of the Bronx	27,147	(1,917,146)	-	(283,337)	-	-	2,173,336	-
Due from (to) PrePrep: the Joan Ganz Cooney Early Learning Program	(122,990)	-	283,337	-	-	-	(160,347)	-
Due from (to) PrePrep2	-	297,373	-	-	-	147,000	(444,373)	-
Due from (to) Friends of Girls Preparatory Charter School of New York	-	4,053,701	-	-	(147,000)	-	(3,906,701)	-
	<u>\$ 1,634,062</u>	<u>\$ 1,479,934</u>	<u>\$ 2,358,474</u>	<u>\$ (160,363)</u>	<u>\$ (444,373)</u>	<u>\$ (3,906,701)</u>	<u>\$ -</u>	<u>\$ 961,033</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

(With Comparative Totals for 2019)

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 2020 and 2019.

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:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 11,372,057	\$ 1,519,657
Grants and contracts receivable	<u>2,473,293</u>	<u>3,431,440</u>
Total financial assets available within one year	13,845,350	4,951,097
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(100,433)</u>	<u>(196,273)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 13,744,917</u>	<u>\$ 4,754,824</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, 2020

(With Comparative Totals for 2019)

NOTE D: SCHOOL FACILITY, Cont'd

The landlord is in the process of making improvements to the space, including construction of additional space, the cost of which is to be shared between the landlord and Friends. This amount (anticipated at \$6,250,000) is 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, 2020 and 2019, the Organization paid \$803,930 and \$783,742, 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 their own 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 is \$8,333 per month through December 31, 2018, \$9,722 per month through June 30, 2019, and \$27,083 per month through June 30, 2020. In addition, the tenant must pay 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. 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, 2020 and 2019 (net of sublease income) was approximately \$1,840,000 and \$1,550,000, respectively.

Future minimum payments under these leases and subleases are estimated to be approximately as follows:

<u>Year ending June 30,</u>	<u>Minimum Payments</u>	<u>Sublease Income</u>	<u>Net Lease Payments</u>
2021	\$ 2,362,315	\$ 50,000	\$ 2,312,315
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
Thereafter	88,415,795	-	88,415,795
	<u>\$ 100,587,073</u>	<u>\$ 54,167</u>	<u>\$ 100,532,906</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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. Public Prep Charter School Academies may terminate the lease for any reason with 30 days notice. All intercompany rent is eliminated in the accompanying consolidated financial statements.

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2020	2019
Furniture and fixtures	\$ 2,187,486	\$ 1,992,909
Computer equipment	1,716,798	2,185,514
Office equipment	1,568,447	1,586,339
Web development	5,250	5,250
Leasehold improvements	11,817,039	10,836,994
	<u>17,295,020</u>	<u>16,607,006</u>
Less accumulated depreciation and amortization	5,425,997	5,169,433
	<u>\$ 11,869,023</u>	<u>\$ 11,437,573</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE F: COMMITMENTS

At June 30, 2020, the Organization had one capital lease for computer equipment. During September and October 2020, the Organization entered two additional capital leases for computer equipment, all 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>
2021	\$ 146,110	\$ 307,700
2022	170,765	301,100
2023	167,085	240,300
2024	24,654	125,400
2025	-	29,600
Net minimum lease payments	\$ 508,614	\$ <u>1,004,100</u>
Less amount representing interest	(44,381)	
Present value of net minimum lease payments included in future maturities of long-term debt as shown in Note J	464,233	
Less current maturities of capital lease obligations included in current portion of long-term debt	<u>(116,678)</u>	
Long-term capital lease obligations	\$ <u>347,555</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, 2020 and 2019. Approximately \$26,000 is expected to be recognized annually through 2022, with the remainder recognized in 2023.

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, 2020 and 2019 was \$370,573 and \$307,190, respectively.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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, 2020 and 2019, approximately 56% and 31%, respectively of grants and contracts receivables are due from New York State relating to certain grants. At both June 30, 2020 and 2019, approximately 16% and 36% of grants and contracts receivables are due from New York City relating to certain grants, respectively.

During the years ended June 30, 2020, and 2019, 84% and 90%, 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.

NOTE J: LONG-TERM DEBT

	June 30,	
	<u>2020</u>	<u>2019</u>
Loan payable to landlord, due in monthly installments of \$31,820, including interest at 5.0%, through September 2028. This loan was repaid in full in July 2020 as described below.	\$ 2,576,928	\$ 2,823,197
Loan payable to landlord, due in monthly installments of \$42,757, including interest at 5.13%, through September 2030. This loan was repaid in full in July 2020 as described below.	3,654,573	2,756,160
Loan payable through the Paycheck Protection Program, with monthly payments of \$181,081 beginning in November 2020 through April 2022, including interest at 1.0%. See further details below.	4,301,000	-
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 \$117,363 at June 30, 2020.	116,678	-
	10,649,179	5,579,357
Less current portion of long-term debt	<u>(1,640,444)</u>	<u>(246,269)</u>
	<u>\$ 9,008,735</u>	<u>\$ 5,333,088</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE J: LONG-TERM DEBT, Cont'd

As further described in Note D, and indicated above, the Organization received financing from its landlord in connection with the build-out of the Boys Prep facility. During 2020, the original loan agreements were adjusted for additional improvements to the facility totaling \$898,413, paid for by the landlord. The loans from the landlord were refinanced in July 2020 with an unrelated organization. The new loan requires payments of \$33,970 beginning in September 2020, payable through August 2050 at a fixed interest rate of 4.1%. The anticipated loan payments under the refinanced terms are included in the future minimum payments as shown below.

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, which is included in the above table. The loan has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the School. The loan was funded on April 24, 2020. The Organization anticipates applying for and being approved for forgiveness of the loan. However, should the loan not be forgiven, monthly payments begin in November 2020.

Subsequent to June 30, 2020, the Organization entered into two additional capital leases. The first capital lease, entered in September 2020, is due in monthly installments of \$6,997, including interest at 6.2%, through August 2023. The second capital lease, entered in October 2020, is due in monthly installments of \$3,553, including interest at 6.2%, through September 2023. The future maturities of these lease agreements are included in the future maturities noted below.

Estimated annual maturities of long-term debt, including debt obtained in the agreements entered subsequent to June 30, 2020 as described above, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 1,640,444
2022	3,189,005
2023	289,725
2024	161,067
2025	142,339
Thereafter	<u>6,393,166</u>
	<u>\$ 11,815,746</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE K: NON-REVOLVING LINE OF CREDIT

Effective June 5, 2019, Public Prep Charter School Academies entered into a non-revolving line of credit with a bank, in the principal amount of \$1,500,000. Public Prep Charter School Academies may make borrowings or repayments on the line at any time, however on January 5, 2020, any amount outstanding on the line at that time converts from a non-revolving line of credit to a term note. The line of credit was not utilized and expired in January 2020.

NOTE L: 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.

NOTE M: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2020</u>	<u>2019</u>
Undesignated	\$ 5,778,266	\$ 2,114,158
Invested in property and equipment, net of related debt	<u>5,520,844</u>	<u>5,858,216</u>
	<u>\$ 11,299,110</u>	<u>\$ 7,972,374</u>

Net assets with donor restrictions are as follows:

	June 30,	
	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Eyeglasses	\$ 2,842	\$ 2,842
Boys Prep operations	<u>97,591</u>	<u>193,431</u>
	<u>\$ 100,433</u>	<u>\$ 196,273</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE N: CASH AND RESTRICTED CASH

Cash and restricted cash balances consisted of the following:

	June 30,	
	<u>2020</u>	<u>2019</u>
Cash	\$ 11,372,057	\$ 1,519,657
Cash in escrow	<u>175,278</u>	<u>175,221</u>
	<u>\$ 11,547,335</u>	<u>\$ 1,694,878</u>

NOTE O: 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 2021.

**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, 2020, and have issued our report thereon dated October 27, 2020, 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, 2020, 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, 2019, and our report thereon dated October 30, 2019, 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 2019 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2019 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 2019 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 2019 consolidated financial statements or to the 2019 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, 2019, as a whole.

*Mengel, Metzger, Barr & Co. LLP*

Rochester, New York  
October 27, 2020

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY CHARTER

JUNE 30, 2020

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			
<b>CURRENT ASSETS</b>											
Cash	\$ 7,790,361	\$ 889,894	\$ 1,721,035	\$ -	\$ 210,157	\$ -	\$ -	\$ 10,611,447	\$ 760,610	\$ -	\$ 11,372,057
Grants and contracts receivable	507,066	681,066	771,462	316,009	125,910	45,332	11,111	2,457,956	15,337	-	2,473,293
Prepaid expenses and other current assets	16,268	98,841	12,698	24,268	-	-	-	152,075	244,024	-	396,099
<b>TOTAL CURRENT ASSETS</b>	<b>8,313,695</b>	<b>1,669,801</b>	<b>2,505,195</b>	<b>340,277</b>	<b>336,067</b>	<b>45,332</b>	<b>11,111</b>	<b>13,221,478</b>	<b>1,019,971</b>	<b>-</b>	<b>14,241,449</b>
<b>OTHER ASSETS</b>											
Property and equipment, net	352,763	876,479	626,704	19,560	15,055	121,833	15,902	2,028,296	9,840,727	-	11,869,023
Related party (payables) receivables	(774,501)	3,086,761	4,330,418	(214,214)	(365,028)	8,369	(7,986)	6,063,819	(4,976,052)	-	1,087,767
Security deposit	-	502,325	-	-	-	-	-	502,325	-	-	502,325
Cash in escrow	75,119	25,040	75,119	-	-	-	-	175,278	-	-	175,278
	(346,619)	4,490,605	5,032,241	(194,654)	(349,973)	130,202	7,916	8,769,718	4,864,675	-	13,634,393
<b>TOTAL ASSETS</b>	<b>\$ 7,967,076</b>	<b>\$ 6,160,406</b>	<b>\$ 7,537,436</b>	<b>\$ 145,623</b>	<b>\$ (13,906)</b>	<b>\$ 175,534</b>	<b>\$ 19,027</b>	<b>\$ 21,991,196</b>	<b>\$ 5,884,646</b>	<b>\$ -</b>	<b>\$ 27,875,842</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>											
<b>CURRENT LIABILITIES</b>											
Accounts payable and accrued expenses	\$ 345,660	\$ 250,322	\$ 291,213	\$ 1,047	\$ 12,942	\$ 601	\$ -	\$ 901,785	\$ 699,891	\$ -	\$ 1,601,676
Accrued payroll and benefits	851,983	694,746	1,049,127	-	68,117	44,823	22,597	2,731,393	-	-	2,731,393
Current portion of deferred lease incentive	13,048	-	12,955	-	-	-	-	26,003	-	-	26,003
Current portion of long-term debt	1,441,323	19,446	38,893	19,446	-	-	-	1,519,108	121,336	-	1,640,444
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,652,014</b>	<b>964,514</b>	<b>1,392,188</b>	<b>20,493</b>	<b>81,059</b>	<b>45,424</b>	<b>22,597</b>	<b>5,178,289</b>	<b>821,227</b>	<b>-</b>	<b>5,999,516</b>
<b>LONG-TERM LIABILITIES</b>											
Long-term debt	2,898,570	-	-	-	-	-	-	2,898,570	6,110,165	-	9,008,735
Deferred lease incentive	22,833	-	16,571	-	-	-	-	39,404	-	-	39,404
Deferred lease liability	-	-	-	-	-	-	-	-	1,411,977	-	1,411,977
Security deposit payable	-	-	-	-	-	-	-	-	16,667	-	16,667
<b>TOTAL LIABILITIES</b>	<b>5,573,417</b>	<b>964,514</b>	<b>1,408,759</b>	<b>20,493</b>	<b>81,059</b>	<b>45,424</b>	<b>22,597</b>	<b>8,116,263</b>	<b>8,360,036</b>	<b>-</b>	<b>16,476,299</b>
<b>NET ASSETS (DEFICIT)</b>											
Without donor restrictions	2,390,817	5,098,301	6,128,677	125,130	(94,965)	130,110	(3,570)	13,774,500	(2,475,390)	-	11,299,110
With donor restrictions	2,842	97,591	-	-	-	-	-	100,433	-	-	100,433
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>2,393,659</b>	<b>5,195,892</b>	<b>6,128,677</b>	<b>125,130</b>	<b>(94,965)</b>	<b>130,110</b>	<b>(3,570)</b>	<b>13,874,933</b>	<b>(2,475,390)</b>	<b>-</b>	<b>11,399,543</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 7,967,076</b>	<b>\$ 6,160,406</b>	<b>\$ 7,537,436</b>	<b>\$ 145,623</b>	<b>\$ (13,906)</b>	<b>\$ 175,534</b>	<b>\$ 19,027</b>	<b>\$ 21,991,196</b>	<b>\$ 5,884,646</b>	<b>\$ -</b>	<b>\$ 27,875,842</b>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2020

	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			
Revenue, gains and other support:											
Public school district:											
Resident student enrollment	\$ 8,919,145	\$ 9,984,554	\$ 12,044,928	\$ -	\$ 629,552	\$ 453,320	\$ 222,223	\$ 32,253,722	\$ -	\$ -	\$ 32,253,722
Students with disabilities	1,604,009	1,416,765	1,941,738	-	-	-	-	4,962,512	-	-	4,962,512
Grants and contracts:											
State and local	389,335	48,467	592,959	-	8,470	18,199	16,227	1,073,657	-	-	1,073,657
Federal - Title and IDEA	318,084	535,108	696,811	316,009	-	-	-	1,866,012	-	-	1,866,012
Federal - other	59,796	14,856	57,214	-	-	-	-	131,866	-	-	131,866
NYC DOE rental assistance	-	2,945,034	-	-	-	-	-	2,945,034	-	-	2,945,034
Food Service/Child Nutrition Program	-	379,105	-	-	-	-	-	379,105	-	-	379,105
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>11,290,369</b>	<b>15,323,889</b>	<b>15,333,650</b>	<b>316,009</b>	<b>638,022</b>	<b>471,519</b>	<b>238,450</b>	<b>43,611,908</b>	<b>-</b>	<b>-</b>	<b>43,611,908</b>
Expenses:											
Program services:											
Regular education	7,381,873	8,436,476	8,822,681	240,133	-	-	-	24,881,163	3,155,259	(1,790,949)	26,245,473
Special education	2,528,131	3,600,014	3,302,680	11,279	-	-	-	9,442,104	788,815	(863,826)	9,367,093
Pre-K	-	-	-	-	692,809	472,986	232,709	1,398,504	43,314	(40,000)	1,401,818
Total Program Services	9,910,004	12,036,490	12,125,361	251,412	692,809	472,986	232,709	35,721,771	3,987,388	(2,694,775)	37,014,384
Management and general	1,173,277	1,391,915	1,217,699	164,467	6,245	12,215	9,311	3,975,129	838,275	(290,259)	4,523,145
Fundraising and special events	15,539	16,850	20,717	-	-	-	-	53,106	-	-	53,106
<b>TOTAL OPERATING EXPENSES</b>	<b>11,098,820</b>	<b>13,445,255</b>	<b>13,363,777</b>	<b>415,879</b>	<b>699,054</b>	<b>485,201</b>	<b>242,020</b>	<b>39,750,006</b>	<b>4,825,663</b>	<b>(2,985,034)</b>	<b>41,590,635</b>
<b>SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS</b>	<b>191,549</b>	<b>1,878,634</b>	<b>1,969,873</b>	<b>(99,870)</b>	<b>(61,032)</b>	<b>(13,682)</b>	<b>(3,570)</b>	<b>3,861,902</b>	<b>(4,825,663)</b>	<b>2,985,034</b>	<b>2,021,273</b>
Support and other revenue:											
Contributions:											
Foundations	-	20,050	25,000	-	-	-	-	45,050	-	-	45,050
Corporations	100,025	125,000	100,000	225,000	-	-	-	550,025	-	-	550,025
Fundraising	1,500	-	-	-	-	-	-	1,500	-	-	1,500
Interest income	24	8	24	-	-	-	-	56	-	-	56
Other income	27,607	80,434	19,109	-	-	-	-	127,150	-	-	127,150
Rental income	-	-	-	-	-	-	-	-	3,470,876	(2,985,034)	485,842
<b>TOTAL SUPPORT AND OTHER REVENUE</b>	<b>129,156</b>	<b>225,492</b>	<b>144,133</b>	<b>225,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>723,781</b>	<b>3,470,876</b>	<b>(2,985,034)</b>	<b>1,209,623</b>
<b>CHANGE IN NET ASSETS</b>	<b>320,705</b>	<b>2,104,126</b>	<b>2,114,006</b>	<b>125,130</b>	<b>(61,032)</b>	<b>(13,682)</b>	<b>(3,570)</b>	<b>4,585,683</b>	<b>(1,354,787)</b>	<b>-</b>	<b>3,230,896</b>
Net assets (deficit) at beginning of year	2,072,954	3,091,766	4,014,671	-	(33,933)	143,792	-	9,289,250	(1,120,603)	-	8,168,647
<b>NET ASSETS (DEFICIT) AT END OF YEAR</b>	<b>\$ 2,393,659</b>	<b>\$ 5,195,892</b>	<b>\$ 6,128,677</b>	<b>\$ 125,130</b>	<b>\$ (94,965)</b>	<b>\$ 130,110</b>	<b>\$ (3,570)</b>	<b>\$ 13,874,933</b>	<b>\$ (2,475,390)</b>	<b>\$ -</b>	<b>\$ 11,399,543</b>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for 2019)

	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,	
								2020	2019
Personnel services costs:									
Administrative staff personnel	18	\$ 841,734	\$ 189,962	\$ 1,031,696	\$ 562,973	\$ -	\$ 562,973	\$ 1,594,669	\$ 1,900,999
Instructional personnel	67	3,438,784	1,430,261	4,869,045	4,902	-	4,902	4,873,947	5,188,036
Total personnel services costs	85	4,280,518	1,620,223	5,900,741	567,875	-	567,875	6,468,616	7,089,035
Fringe benefits and payroll taxes		928,309	351,375	1,279,684	123,154	-	123,154	1,402,838	1,598,235
Retirement		91,135	34,496	125,631	12,090	-	12,090	137,721	125,150
Management company fees		1,087,729	217,546	1,305,275	233,085	15,539	248,624	1,553,899	1,495,482
Accounting and auditing services		-	-	-	21,653	-	21,653	21,653	20,943
Other professional and consulting services		126,243	44,551	170,794	90,760	-	90,760	261,554	195,323
Repairs and maintenance		14,270	5,401	19,671	1,893	-	1,893	21,564	69,931
Insurance		42,475	16,078	58,553	5,635	-	5,635	64,188	55,842
Utilities		31,157	11,794	42,951	4,134	-	4,134	47,085	79,609
Supplies and materials		165,514	41,497	207,011	-	-	-	207,011	390,499
Equipment and furnishings		2,094	793	2,887	278	-	278	3,165	10,174
Staff development		122,787	30,971	153,758	193	-	193	153,951	250,716
Marketing and recruiting		6,870	2,030	8,900	320	-	320	9,220	14,627
Technology		47,992	12,033	60,025	33,890	-	33,890	93,915	61,489
Food service		3,532	886	4,418	-	-	-	4,418	5,135
Student services		193,876	48,608	242,484	-	-	-	242,484	275,605
Office expense		125,795	47,615	173,410	16,694	-	16,694	190,104	226,624
Depreciation and amortization		111,577	42,234	153,811	14,803	-	14,803	168,614	200,038
Other		-	-	-	46,820	-	46,820	46,820	-
		\$ 7,381,873	\$ 2,528,131	\$ 9,910,004	\$ 1,173,277	\$ 15,539	\$ 1,141,996	\$ 11,098,820	\$ 12,164,457

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for 2019)

	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,	
								2020	2019
Personnel services costs:									
Administrative staff personnel	13	\$ 588,403	\$ 141,685	\$ 730,088	\$ 429,830	\$ -	\$ 429,830	\$ 1,159,918	\$ 1,142,863
Instructional personnel	60	2,834,539	1,509,298	4,343,837	3,065	-	3,065	4,346,902	4,274,306
Non-instructional personnel	3	21,026	5,497	26,523	95,339	-	95,339	121,862	17,063
Total personnel services costs	76	3,443,968	1,656,480	5,100,448	528,234	-	528,234	5,628,682	5,434,232
Fringe benefits and payroll taxes		731,788	357,112	1,088,900	113,879	-	113,879	1,202,779	1,203,431
Retirement		53,669	20,677	74,346	6,594	-	6,594	80,940	45,095
Management company fees		1,179,522	235,904	1,415,426	252,755	16,850	269,605	1,685,031	1,195,139
Legal services		-	-	-	-	-	-	-	1,698
Accounting and auditing services		-	-	-	19,227	-	19,227	19,227	14,472
Other professional and consulting services		121,809	81,793	203,602	87,349	-	87,349	290,951	225,976
Building rent / lease / facility finance interest		1,790,949	863,826	2,654,775	290,259	-	290,259	2,945,034	2,290,277
Repairs and maintenance		1,077	519	1,596	174	-	174	1,770	-
Insurance		36,412	17,563	53,975	5,901	-	5,901	59,876	44,791
Utilities		26,714	12,885	39,599	4,330	-	4,330	43,929	70,124
Supplies and materials		274,792	85,415	360,207	-	-	-	360,207	394,067
Equipment and furnishings		2,335	1,126	3,461	378	-	378	3,839	18,764
Staff development		93,544	24,473	118,017	14	-	14	118,031	110,404
Marketing and recruiting		4,125	1,516	5,641	321	-	321	5,962	25,590
Technology		33,412	8,735	42,147	15,599	-	15,599	57,746	41,093
Food service		305,571	79,882	385,453	-	-	-	385,453	128,905
Student services		46,778	12,228	59,006	-	-	-	59,006	154,786
Office expense		71,686	44,117	115,803	34,599	-	34,599	150,402	152,841
Depreciation and amortization		198,544	95,763	294,307	32,178	-	32,178	326,485	260,257
Other		19,781	-	19,781	124	-	124	19,905	-
		<u>\$ 8,436,476</u>	<u>\$ 3,600,014</u>	<u>\$ 12,036,490</u>	<u>\$ 1,391,915</u>	<u>\$ 16,850</u>	<u>\$ 1,408,765</u>	<u>\$ 13,445,255</u>	<u>\$ 11,811,942</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for 2019)

	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,	
								2020	2019
Personnel services costs:									
Administrative staff personnel	20	\$ 1,033,817	\$ 225,570	\$ 1,259,387	\$ 546,077	\$ -	\$ 546,077	\$ 1,805,464	\$ 2,035,119
Instructional personnel	91	4,051,921	1,940,945	5,992,866	4,969	-	4,969	5,997,835	5,608,295
Total personnel services costs	111	5,085,738	2,166,515	7,252,253	551,046	-	551,046	7,803,299	7,643,414
Fringe benefits and payroll taxes		1,063,137	452,894	1,516,031	115,192	-	115,192	1,631,223	1,683,489
Retirement		86,791	36,973	123,764	9,404	-	9,404	133,168	130,211
Management company fees		1,450,216	290,043	1,740,259	310,761	20,717	331,478	2,071,737	1,739,839
Accounting and auditing services		-	-	-	21,653	-	21,653	21,653	22,943
Other professional and consulting services		104,034	35,966	140,000	94,473	-	94,473	234,473	295,129
Rent		-	-	-	-	-	-	-	1,780
Repairs and maintenance		19,119	8,144	27,263	2,071	-	2,071	29,334	18,156
Insurance		43,137	18,377	61,514	4,674	-	4,674	66,188	64,303
Utilities		48,678	20,736	69,414	5,274	-	5,274	74,688	74,906
Supplies and materials		265,483	63,168	328,651	-	-	-	328,651	666,964
Equipment and furnishings		2,579	1,099	3,678	279	-	279	3,957	13,106
Staff development		170,263	40,357	210,620	183	-	183	210,803	243,239
Marketing and recruiting		9,680	3,218	12,898	535	-	535	13,433	14,951
Technology		62,349	14,660	77,009	33,890	-	33,890	110,899	56,185
Food service		6,866	1,614	8,480	-	-	-	8,480	7,744
Student services		122,846	28,885	151,731	-	-	-	151,731	394,830
Office expense		75,903	48,304	124,207	49,771	-	49,771	173,978	264,157
Depreciation and amortization		168,374	71,727	240,101	18,244	-	18,244	258,345	298,971
Other		37,488	-	37,488	249	-	249	37,737	22,377
		\$ 8,822,681	\$ 3,302,680	\$ 12,125,361	\$ 1,217,699	\$ 20,717	\$ 1,238,416	\$ 13,363,777	\$ 13,656,694

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

YEAR ENDED JUNE 30, 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, 2020
Personnel services costs:								
Administrative staff personnel	<u>1</u>	\$ 91,094	\$ 7,870	\$ 98,964	\$ 58,433	\$ -	\$ 58,433	\$ 157,397
Total personnel services costs	1	91,094	7,870	98,964	58,433	-	58,433	157,397
Fringe benefits and payroll taxes		14,639	1,265	15,904	9,390	-	9,390	25,294
Retirement		1,151	99	1,250	738	-	738	1,988
Management company fees		114,500	-	114,500	85,500	-	85,500	200,000
Other professional and consulting services		-	-	-	9,000	-	9,000	9,000
Staff development		-	-	-	250	-	250	250
Marketing and recruiting		18,190	2,045	20,235	218	-	218	20,453
Technology		-	-	-	814	-	814	814
Depreciation and amortization		559	-	559	-	-	-	559
Other		-	-	-	124	-	124	124
		<u>\$ 240,133</u>	<u>\$ 11,279</u>	<u>\$ 251,412</u>	<u>\$ 164,467</u>	<u>\$ -</u>	<u>\$ 164,467</u>	<u>\$ 415,879</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for 2019)

	No. of Positions	Program Services	Supporting Services		Total	
		Pre-K	Management and general	Fundraising and special events	Year ended June 30,	
			2020	2019		
Personnel services costs:						
Administrative staff personnel	-	\$ 32,953	\$ -	\$ -	\$ 32,953	\$ -
Instructional personnel	<u>9</u>	<u>501,690</u>	<u>-</u>	<u>-</u>	<u>501,690</u>	<u>340,209</u>
Total personnel services costs	9	534,643	-	-	534,643	340,209
Fringe benefits and payroll taxes		124,363	-	-	124,363	83,542
Retirement		11,223	-	-	11,223	6,734
Other professional and consulting services		-	6,245	-	6,245	5,520
Supplies and materials		14,707	-	-	14,707	8,628
Staff development		-	-	-	-	4,555
Student services		172	-	-	172	-
Office expense		1,200	-	-	1,200	1,127
Depreciation and amortization		<u>6,501</u>	<u>-</u>	<u>-</u>	<u>6,501</u>	<u>11,181</u>
		<u>\$ 692,809</u>	<u>\$ 6,245</u>	<u>\$ -</u>	<u>\$ 699,054</u>	<u>\$ 461,496</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –  
PREPREP 2

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for 2019)

	No. of Positions	Program Services	Supporting Services		Total	
		Pre-K 2	Management and general	Fundraising and special events	Year ended June 30,	
					2020	2019
Personnel services costs:						
Administrative staff personnel	-	\$ 28,800	\$ -	\$ -	\$ 28,800	\$ 40,403
Instructional personnel	<u>6</u>	<u>318,333</u>	<u>-</u>	<u>-</u>	<u>318,333</u>	<u>246,382</u>
Total personnel services costs	6	347,133	-	-	347,133	286,785
Fringe benefits and payroll taxes		28,952	-	-	28,952	38,860
Retirement		5,533	-	-	5,533	-
Other professional and consulting services		-	9,614	-	9,614	-
Rent		40,000	-	-	40,000	47,000
Insurance		6,312	-	-	6,312	4,282
Utilities		-	2,000	-	2,000	5,173
Supplies and materials		4,137	-	-	4,137	14,287
Equipment and furnishings		-	-	-	-	889
Staff development		-	-	-	-	21,750
Marketing and recruiting		100	-	-	100	1,352
Food service		18,819	-	-	18,819	24,640
Student services		-	-	-	-	1,969
Office expense		-	601	-	601	6,374
Depreciation and amortization		<u>22,000</u>	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>16,167</u>
		<u>\$ 472,986</u>	<u>\$ 12,215</u>	<u>\$ -</u>	<u>\$ 485,201</u>	<u>\$ 469,528</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –  
PREPREP 3

YEAR ENDED JUNE 30, 2020

		<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>No. of Positions</u>	<u>Pre-K 3</u>	<u>Management and general</u>	<u>Fundraising and special events</u>	<u>Year ended June 30, 2020</u>
Personnel services costs:					
Administrative staff personnel	-	\$ 28,367	\$ -	\$ -	\$ 28,367
Instructional personnel	<u>3</u>	<u>164,527</u>	<u>-</u>	<u>-</u>	<u>164,527</u>
Total personnel services costs	3	192,894	-	-	192,894
Fringe benefits and payroll taxes		15,688	-	-	15,688
Other professional and consulting services		-	9,311	-	9,311
Insurance		2,000	-	-	2,000
Utilities		1,500	-	-	1,500
Supplies and materials		15,616	-	-	15,616
Staff development		241	-	-	241
Marketing and recruiting		100	-	-	100
Office expense		1,100	-	-	1,100
Depreciation and amortization		<u>3,570</u>			<u>3,570</u>
		<u>\$ 232,709</u>	<u>\$ 9,311</u>	<u>\$ -</u>	<u>\$ 242,020</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES – FRIENDS OF GIRLS PREP

YEAR ENDED JUNE 30, 2020  
 (With Comparative Totals for 2019)

	Program Services				Supporting Services	Total	
	Regular Education	Special Education	Pre-K	Sub-total	Management and general	Year ended June 30, 2020	2019
Legal Services	\$ -	\$ -	\$ -	\$ -	\$ 20,549	\$ 20,549	\$ -
Accounting and auditing services	-	-	-	-	2,625	2,625	-
Other professional and consulting services	237,414	59,353	3,259	300,026	34,434	334,460	263,452
Building rent / lease / facility finance interest	2,124,275	531,069	29,161	2,684,505	665,568	3,350,073	2,627,251
Repairs and maintenance	164,102	41,026	2,253	207,381	23,801	231,182	297,565
Utilities	231,079	57,770	3,172	292,021	33,516	325,537	15,679
Taxes	108,838	27,209	1,494	137,541	15,786	153,327	60,920
Depreciation and amortization	289,551	72,388	3,975	365,914	41,996	407,910	290,183
	<u>\$ 3,155,259</u>	<u>\$ 788,815</u>	<u>\$ 43,314</u>	<u>\$ 3,987,388</u>	<u>\$ 838,275</u>	<u>\$ 4,825,663</u>	<u>\$ 3,555,050</u>