

AMBER CHARTER SCHOOLS AND AFFILIATES

NEW YORK, NEW YORK

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022

(With Comparative Totals for 2021)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Amber Charter Schools and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Amber Charter Schools and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2022, 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.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amber Charter Schools and Affiliates as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Amber Charter Schools and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We previously audited Amber Charter Schools and Affiliates' June 30, 2021 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated October 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022 on our consideration of Amber Charter Schools and Affiliates' 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 Amber Charter Schools and Affiliates' internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 14, 2022

AMBER CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(With Comparative Totals for 2021)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash (including restricted cash of \$1,226,033 and \$213,358, respectively)	\$ 11,513,846	\$ 11,947,098
Grants and contracts receivable	3,345,904	899,130
Prepaid expenses	<u>66,213</u>	<u>41,432</u>
TOTAL CURRENT ASSETS	14,925,963	12,887,660
<u>PROPERTY AND EQUIPMENT, net</u>	17,511,632	11,417,038
<u>OTHER ASSETS</u>		
Security deposits	136,114	133,614
Deferred lease receivable	267,077	553,842
Cash in escrow	<u>154,077</u>	<u>153,923</u>
	<u>557,268</u>	<u>841,379</u>
TOTAL ASSETS	<u>\$ 32,994,863</u>	<u>\$ 25,146,077</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current maturities of long-term debt, net of unamortized debt issuance costs of \$340,655 at June 30, 2021	\$ 494,766	\$ 6,664,101
Accounts payable and accrued expenses	553,052	278,747
Accrued payroll and benefits	1,918,102	1,625,810
Deferred revenue	<u>117,206</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	3,083,126	8,568,658
<u>OTHER LIABILITIES</u>		
Deferred lease payable	7,081,512	2,742,689
Long-term debt, net of unamortized debt issuance costs of \$368,024 and \$67,189, respectively	<u>14,634,537</u>	<u>1,998,822</u>
	<u>21,716,049</u>	<u>4,741,511</u>
TOTAL LIABILITIES	24,799,175	13,310,169
<u>NET ASSETS</u> - without donor restrictions	<u>8,195,688</u>	<u>11,835,908</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 32,994,863</u>	<u>\$ 25,146,077</u>

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

AMBER CHARTER SCHOOLS AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	Year ended June 30,	
	2022	2021
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 16,626,493	\$ 15,232,140
Students with disabilities	48,760	18,640
Grants and contracts:		
State and local	86,758	73,466
Federal - Title and IDEA	751,168	615,863
Federal - other	3,585,986	548,733
Food service / Child nutrition program	366,727	114,881
NYC DoE Rental Assistance	2,316,398	1,425,645
	<u>23,782,290</u>	<u>18,029,368</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT		
Expenses:		
Program:		
Regular education	16,183,364	10,103,625
Special education	3,446,334	2,579,374
	<u>19,629,698</u>	<u>12,682,999</u>
TOTAL PROGRAM EXPENSES		
Management and general	8,318,129	7,389,659
Fundraising and special events	259,325	234,692
	<u>28,207,152</u>	<u>20,307,350</u>
TOTAL OPERATING EXPENSES		
DEFICIT FROM SCHOOL OPERATIONS	(4,424,862)	(2,277,982)
Support and other revenue:		
Contributions		
Foundations	600,000	725,500
Individuals	24,974	80,359
Corporations	83,142	110,990
In-kind	30,000	-
Fundraising	22,601	26,041
Investment income	251	6,440
Paycheck Protection Program note forgiveness	-	1,915,100
Miscellaneous income	23,674	108,292
	<u>784,642</u>	<u>2,972,722</u>
TOTAL SUPPORT AND OTHER REVENUE		
CHANGE IN NET ASSETS	(3,640,220)	694,740
Net assets without donor restrictions at beginning of year	11,835,908	11,141,168
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 8,195,688</u>	<u>\$ 11,835,908</u>

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

AMBER CHARTER SCHOOLS AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

		Year ended June 30,							
		2022							2021
		Program Services			Supporting Services				
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total	Total
Personnel Services Costs:									
Administrative staff personnel	46	\$ 793,308	\$ 140,476	\$ 933,784	\$ 3,735,132	\$ -	\$ 3,735,132	\$ 4,668,916	\$ 3,533,014
Instructional personnel	96	5,217,494	1,444,003	\$ 6,661,497	-	-	-	6,661,497	5,914,010
Non-instructional personnel	5	225,267	38,720	263,987	-	-	-	263,987	159,546
Total salaries and staff	147	6,236,069	1,623,199	7,859,268	3,735,132	-	3,735,132	11,594,400	9,606,570
Fringe benefits, payroll taxes, and retirement		1,804,843	472,967	2,277,810	1,067,445	-	1,067,445	3,345,255	2,921,125
Retirement		210,111	57,922	268,033	139,459	-	139,459	407,492	377,771
Professional development		141,916	23,608	165,524	-	-	-	165,524	143,767
Legal services		-	-	-	86,400	-	86,400	86,400	19,120
Accounting / audit		-	-	-	75,038	-	75,038	75,038	48,262
Financial management services		-	-	-	51,686	-	51,686	51,686	70,297
Professional services		858,519	217,167	1,075,686	257,819	259,290	517,109	1,592,795	1,014,778
Travel and conference		15,091	3,783	18,874	16,244	-	16,244	35,118	9,096
Student and staff recruitment		91,961	16,015	107,976	94,953	-	94,953	202,929	96,755
Supplies / materials		679,710	115,879	795,589	-	-	-	795,589	805,706
Office expenses		26,780	4,345	31,125	108,734	35	108,769	139,894	92,856
Food service		310,063	56,909	366,972	-	-	-	366,972	194,581
Student services		261,426	-	261,426	-	-	-	261,426	8,864
Insurance		41,281	7,125	48,406	123,116	-	123,116	171,522	114,476
Dues and subscriptions		25,636	6,353	31,989	14,657	-	14,657	46,646	31,637
Building and land rent / lease		4,178,145	609,510	4,787,655	2,129,068	-	2,129,068	6,916,723	3,856,903
Utilities		29,048	4,815	33,863	19,030	-	19,030	52,893	62,886
Non-capitalized equipment and furnishings		4,561	985	5,546	2,374	-	2,374	7,920	6,398
Technology		230,905	42,276	273,181	30,354	-	30,354	303,535	163,945
Repairs and maintenance		135,017	25,446	160,463	63,493	-	63,493	223,956	73,074
Depreciation and amortization		442,889	77,374	520,263	98,239	-	98,239	618,502	339,078
Interest expense		317,615	56,151	373,766	157,677	-	157,677	531,443	126,582
Other		141,778	24,505	166,283	47,211	-	47,211	213,494	122,823
		\$ 16,183,364	\$ 3,446,334	\$ 19,629,698	\$ 8,318,129	\$ 259,325	\$ 8,577,454	\$ 28,207,152	\$ 20,307,350

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

AMBER CHARTER SCHOOLS AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (3,640,220)	\$ 694,740
Adjustments to reconcile change in net assets to net cash (used for) provided from operating activities:		
Depreciation and amortization	618,502	339,078
Amortization of debt issuance costs included in interest expense	39,820	4,335
Bad debt expense	-	19,112
Paycheck Protection Program note forgiveness	-	(1,915,100)
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	(2,446,774)	(25,932)
Other receivables	-	3,225
Prepaid expenses	(24,781)	108,518
Security deposits	(2,500)	(2,010)
Deferred lease receivable	286,765	(311,954)
Accounts payable and accrued expenses	274,305	153,191
Accrued payroll and benefits	292,292	181,493
Deferred revenue	117,206	-
Deferred lease payable	<u>4,338,823</u>	<u>2,742,689</u>
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	(146,562)	1,991,385
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Additions to property and equipment	<u>(6,488,636)</u>	<u>(6,966,165)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(6,488,636)	(6,966,165)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on long-term debt	6,508,891	6,429,548
Repayment of long-term debt	<u>(306,791)</u>	<u>(141,174)</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>6,202,100</u>	<u>6,288,374</u>
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(433,098)	1,313,594
Cash and restricted cash at beginning of year	<u>12,101,021</u>	<u>10,787,427</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 11,667,923</u>	<u>\$ 12,101,021</u>

AMBER CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Interest paid	<u>\$ 491,623</u>	<u>\$ 129,991</u>
Reconciliation of cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 11,513,846	\$ 11,947,098
Cash in escrow	<u>154,077</u>	<u>153,923</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 11,667,923</u>	<u>\$ 12,101,021</u>
<u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Purchase of property and equipment through acquisition of long-term debt	<u>\$ 60,169</u>	<u>\$ 222,977</u>
Capitalized interest included in long-term debt and property and equipment	<u>\$ 164,291</u>	<u>\$ 51,615</u>
Capitalized debt issuance costs included in long-term debt	<u>\$ -</u>	<u>\$ 340,655</u>
<u>NON-CASH OPERATING ACTIVITIES</u>		
Contribution of nonfinancial assets	<u>\$ 30,000</u>	<u>\$ -</u>

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

AMBER CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022
(With Comparative Totals for 2021)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Amber Charter Schools is an education corporation that has authority to operate the Charter Schools as described below. Founded by Community Association of Progressive Dominicans/Asociación Comunal de Dominicanos Progresistas, Amber was the first charter school in New York City created by a community-based organization. Amber's mission is to provide its students with an academically rigorous and well-rounded education, along with strong character development, that will enable them to prosper in future endeavors. To fulfill this mission, Amber provides students with the ability to demonstrate proficiency and/or distinction in all New York State Learning Standards. Amber's funding is primarily from per-student funding provided by New York City; additionally, Amber receives government grants and contracts and private contributions.

Amber East Harlem ("East Harlem") operates in the borough of Manhattan, New York. On April 4, 2000, the Board of Regents of the University of the State of New York granted East Harlem a provisional charter valid for a term of five years and renewable upon expiration. East Harlem obtained its latest renewal through June 30, 2025.

Amber Kingsbridge ("Kingsbridge") operates in the borough of Bronx, New York. In August 2014, the Board of Regents of the University of the State of New York granted Kingsbridge a provisional charter valid for a term of five years and renewable upon expiration. Kingsbridge obtained a renewal through July 31, 2026.

Amber Inwood ("Inwood") operates in the borough of Manhattan, New York. On June 6, 2019, the SUNY Board of Trustees' Charter School Committee approved the initial five year charter for Inwood which opened in Fall 2021. The charter term expires July 31, 2026.

Amber Schools Foundation, Inc. ("Foundation") was organized under the laws of the State of New York as a not-for-profit under subparagraph (c)(3) of Section 501 of the Not-For-Profit Corporation law in March 2014. The Foundation is established to support the functions of, and to assist in carrying out the educational and charitable purposes of, Amber East Harlem, Amber Kingsbridge, and Amber Inwood. In July 2022, Amber Schools Foundation, Inc. changed its name to Amber Education Fund, Inc. ("Fund").

Amber Charter Schools is the sole member of 652 West 187th Street, LLC ("652 West"), 3120 Corlear Avenue, LLC ("3120 Corlear") and 220 East 106th Street, LLC ("220 East") (collectively, the "LLC's"), all limited liability companies established under the laws of the state of New York. 652 West and 3120 Corlear were established to hold lease agreements with unrelated parties for the property in which Amber Kingsbridge operates. Such properties were subsequently sublet to Amber Kingsbridge. Effective June 2020, the lease held by 3120 was assigned to Kingsbridge and the sublease was terminated. 220 East is a co-borrower with Amber East Harlem on the mortgage payable and line of credit arrangement with Raza Development Fund, Inc. ("Raza").

The Shared Support Team is a division of the educational corporation operating as a charter management organization. The purpose is to manage and support the three schools.

The Fund is the sole member of Inwood 532 West 215th Street, LLC ("532 West"), a limited liability company established under the laws of the state of New York. 532 West was established to hold the lease agreement with an unrelated party for the property in which Inwood will operate. Such property is sublet to Inwood.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Principles of consolidation

The accompanying consolidated financial statements include the accounts of East Harlem, Kingsbridge, Inwood, Shared Support Team, Fund, 652 West, 3120 Corlear, 220 East and 532 West, (collectively referred to as the "Organization"). Amber Charter Schools maintains an economic interest and control in the Fund through common board membership and the ability to elect the Fund's board members. The only activity in the LLC's during 2022 and 2021 was rental income from Amber Charter Schools and rent expense to an unrelated party as disclosed in Note D. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Organization.

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. The Organization had no net assets with donor restrictions at June 30, 2022 or 2021.

Revenue and support 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.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

The Organization records revenues both over time and at a point in time as follows:

	June 30,	
	2022	2021
Revenues earned over time	\$ 19,096,781	\$ 16,740,597
Revenues earned at a point in time	<u>22,601</u>	<u>26,041</u>
	<u>\$ 19,119,382</u>	<u>\$ 16,766,638</u>

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 Charter 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 Organization to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

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.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Fundraising

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event—the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as fundraising expense in the consolidated statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Organization. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

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

		June 30,	
	2022	2021	2020
Grants and other receivables	\$ 4,970	\$ -	\$ 447,807

Contributions

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.

Contributions and unconditional promises to give are recorded as revenue 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 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 Charter School Growth Fund (CSGF) supports the growth of public charter schools. The Organization was approved to receive a CSGF contribution of \$2,150,000 to be received by December 15, 2023. The Organization recognized \$600,000 and \$300,000 of contribution revenue on the accompanying consolidated statement of activities and changes in net assets for the years ended June 30, 2022 and 2021 relating to this contribution, respectively.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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 consolidated 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 approximately \$117,200 of revenue deferred at June 30, 2022. There was no revenue deferred at June 30, 2021. The Charter School received cost-reimbursement grants of approximately \$3,468,644 and \$214,846 that have not been recognized at June 30, 2022 and 2021, respectively, because qualifying expenditures have 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 an escrow account in accordance with the terms of its charter agreements. The amount in escrow was \$154,077 and \$153,923 at June 30, 2022 and 2021, respectively.

Grants and contracts receivable and other receivables

Receivables 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, 2022 or 2021.

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.

Debt issuance costs

Debt issuance costs are stated at cost and are amortized over the term of the debt. The Organization shows debt issuance costs as a deduction from the carrying amount of the debt, net on the accompanying consolidated statement of financial position.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Deferred lease receivable (payable)

The Organization leases two facilities. The leases contain pre-determined fixed escalation of the base rent. In accordance with GAAP, the Organization recognizes the related rent expense on a straight-line basis over the lease term and records the difference between the recognized rental expense and the amounts payable under the lease as a deferred lease receivable (payable).

The amount of rent expense recognized in excess of rent paid under the 3120 Corlear Ave. lease was \$287,000 for the year ended June 30, 2022. The amount of additional rent paid in excess of the rent expense recognized under that lease was approximately \$312,000 for the year ended June 30, 2021.

The amount of additional rent expense recognized in excess of the rent paid under the 530W 215th Street lease was approximately \$1,865,000 and \$2,743,000 for the years ended June 30, 2022 and 2021, respectively.

The amount of additional rent expense recognized in excess of the rent paid under the 532W 215th Street lease was approximately \$2,473,000 for June 30, 2022.

Tax exempt status

Amber Charter Schools and the Fund are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, are exempt from federal and state taxes on income. Amber Charter Schools and the Fund file Form 990 tax returns in the U.S. federal jurisdiction. In addition, the Fund files a CHAR 500 in New York State. The LLCs are single member LLCs and are disregarded for tax purposes. The tax returns for the years ended June 30, 2019 through June 30, 2022 are still subject to potential audit by the IRS. Management of Amber Charter Schools and the Fund believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Contributed services

The Organization receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. In addition, the Organization received transportation services, metro cards, special education services and physical, occupational, and speech therapy for 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 \$202,900 and \$96,800 for the years ended June 30, 2022 and 2021, 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.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Adoption of new accounting standard - 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-kinds 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 is being applied on a retrospective basis. The Organization adopted this standard during the year ended June 30, 2022. See Note O.

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 Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School's financial position or results of operations.

Comparative information for the year ended June 30, 2021

The consolidated financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 14, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE D: SCHOOL FACILITIES

In May 2017, 3120 Corlear entered into a 35-year non-cancelable operating lease agreement with an unrelated third party for facility space, commencing in August 2017 and expiring in July 2052. On June 15, 2020, the terms of this lease were amended. The term of this amendment is for the period July 1, 2020 until June 30, 2021. On May 11, 2021, the terms of this lease were amended. The term of the third amendment is for the period of July 1, 2021 until June 30, 2026. Absent an agreement further amending the lease, the terms will revert back to the original 35-year lease.

The property was sublet to Kingsbridge in an agreement that commenced in August 2017 and expired in July 2019. In July 2019, a new sublease was signed that commenced July 2019 and expired June 2021. This sublease has an option to renew every two years for thirty-five years. Effective June 15, 2020, the lease held by 3120 Corlear with the unrelated third party was assigned to Kingsbridge and the sublease between 3120 Corlear and Kingsbridge was terminated. Total rental paid under the third party lease was approximately \$1,439,000 and \$1,426,000 for the years ended June 30, 2022 and 2021, respectively. In conjunction with this facility lease, 3120 Corlear paid a security deposit of \$61,573 which is included in security deposits on the accompanying consolidated statement of financial position at June 30, 2022 and 2021. There are additional security deposits of \$13,708 at both June 30, 2022 and 2021, which represent deposits on electric meters and lease below.

Future expected minimum payments of this lease are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 1,447,000
2024	1,451,000
2025	1,459,000
2026	1,468,000
2027	984,000
Thereafter	<u>28,182,000</u>
	<u>\$ 34,991,000</u>

In May 2020, 532 West entered into a 35-year non-cancelable operating lease agreement with an unrelated third party for facility space, commencing July 2020 and expiring June 2055. 532 West did not pay any rent for this facility for the year ended June 30, 2021 as Inwood was not yet occupying the space; however, 532 West occupied the property to make property improvements during the fiscal year ended June 30, 2021. Rent began on July 1, 2021, but there was a rent release from August through November 2021 for construction purposes. Rent paid for the year ended June 30, 2022 was \$855,280. In conjunction with this facility lease, 532 paid a first installment of the security deposit in the amount of \$58,333 which is included in security deposits on the accompanying consolidated statement of financial position at June 30, 2022 and 2021. There are remaining installments of \$116,666 due in subsequent years. The lease agreement between 532 West and the third party is guaranteed by Amber Charter Schools.

AMBER CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022
(With Comparative Totals for 2021)

NOTE D: SCHOOL FACILITIES, Cont'd

Future expected minimum payments of this lease are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 1,338,000
2024	2,125,000
2025	2,233,000
2026	2,305,000
2027	2,305,000
Thereafter	84,433,000
	<u>\$ 94,739,000</u>

The property was sublet to Inwood in an agreement signed in February 2021 that commenced July 2021 and expires in June 2055. In conjunction with this facility lease, Inwood is required to pay a security deposit to 532 West equal to the security deposit required by the above unrelated third party lease. Total rental paid under this lease was approximately \$2,446,000 for the year ended June 30, 2022.

Future expected minimum lease payments of this lease are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 2,770,000
2024	3,457,000
2025	3,566,000
2026	3,876,000
2027	4,148,000
Thereafter	151,927,000
	<u>\$ 169,744,000</u>

Kingsbridge leased a portion of this space from Inwood for the year ended June 30, 2022 for \$611,579. This amount was properly eliminated in the accompanying consolidated financial statements.

All intercompany rent between Inwood and 532 West is eliminated in the accompanying consolidated financial statements; \$2,446,316 for the year ended June 30, 2022. Total rent expense for all leases, as outlined above was \$6,916,723 and \$3,856,903 for the years ended June 30, 2022 and 2021, respectively.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	2022	2021
Land	\$ 335,000	\$ 335,000
Building	5,262,373	5,260,973
Furniture and fixtures	1,024,289	562,655
Computers and equipment	2,558,298	1,918,503
Software	55,860	55,860
Leasehold improvements	6,436,972	292,467
Construction in progress	<u>6,311,080</u>	<u>6,845,315</u>
	21,983,872	15,270,773
Less accumulated depreciation and amortization	<u>4,472,240</u>	<u>3,853,735</u>
	<u>\$ 17,511,632</u>	<u>\$ 11,417,038</u>

Construction in progress relates mainly to architect fees and building construction costs for the Inwood location. Construction in progress is stated at cost. No provision for amortization is made on construction in progress until such time as the relevant assets are completed and put into use. As of September 1, 2021, approximately ½ of the building was completed and properly put into service. The Organization entered into a commitment with a general contractor for approximately \$7,800,000 as of June 30, 2021. As of June 30, 2022, approximately \$9,917,000 was incurred relative to the general contractor. A remaining amount of \$641,000 is expected to be incurred during fiscal year ending June 30, 2023.

The Organization capitalized interest costs incurred on funds used to construct property and equipment. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. The total amount of interest that was capitalized at June 30, 2022 and 2021, was \$164,291 and \$51,615, respectively.

Depreciation expense for the years ended June 30, 2022 and 2021 was approximately \$619,000 and \$339,000, respectively.

NOTE F: LONG-TERM DEBT

Amber Charter Schools had a mortgage payable to a bank dated September 29, 2011, which was collateralized by East Harlem's real estate in the city of New York. The loan was payable in monthly installments of \$17,316, including interest at 7% per annum, with a balloon payment of approximately \$2,235,000 due at maturity on October 1, 2016. In October 2016, East Harlem entered into a loan modification agreement with the bank extending the loan's maturity to December 28, 2016 under the same terms. On December 30, 2016, Amber Charter Schools, with 220 East as a co-borrower, refinanced the mortgage with the bank by entering into an amended and restated loan and security agreement.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE F: LONG-TERM DEBT, Cont'd

Long-term debt is summarized as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Amber East Harlem:		
Note payable, due in monthly installments of \$16,315, including interest at 6.04%, through December 2036. The note is collateralized by real property.	\$ 1,889,425	\$ 1,968,480
Less unamortized debt issuance costs	(62,854)	(67,189)
Capital lease, due in monthly installments of \$2,468, including interest at 5.71%, through September 2024. The lease is collateralized by certain equipment with a net book value of \$55,702 and \$81,411 at June 30, 2022 and 2021, respectively.	56,059	81,768
Capital lease, due in monthly installments of \$3,094, including interest at 0.417%, through December 2023. The lease is collateralized by certain equipment with a net book value of \$55,346 and \$92,244 at June 30, 2022 and 2021, respectively.	<u>55,500</u>	<u>92,308</u>
Amber East Harlem Subtotal	1,938,130	2,075,367
Amber Kingsbridge:		
Capital lease, due in monthly installments of \$394, including interest at 6.43%, through August 2024. The lease is collateralized by certain equipment with a net book value of \$8,729 and \$12,758 at June 30, 2022 and 2021, respectively.	8,730	12,758
Capital lease, due in monthly installments of \$3,138, including interest at 0.417%, through December 2023. The lease is collateralized by certain equipment with a net book value of \$56,142 and \$93,570 at June 30, 2022 and 2021, respectively.	56,298	93,635
Capital lease, due in monthly installments of \$1,159, including interest at 6.05%, through November 2026. The lease is collateralized by certain equipment with a net book value of \$53,149 at June 30, 2022.	<u>53,777</u>	<u>-</u>
Amber Kingsbridge Subtotal	118,805	106,393

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE F: LONG-TERM DEBT, Cont'd

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Balance forward	\$ 2,056,935	\$ 2,181,760
Amber Education Fund:		
Construction note payable for a maximum of \$12,525,000, bearing interest only payments beginning February 2021 at a rate of 4.71% until conversion date. The full amount of construction loan was borrowed and termed out. The loan construction period was completed and loan repayments began on conversion date, February 1, 2022, at which point the aggregate balance was converted into a permanent note payable. Monthly payments of principal plus interest at a fixed rate of 4.71% based on a hypothetical 25 year amortization period will be due through January 2026. Remaining outstanding principal balance due on January 4, 2026. Secured by the Inwood property and guaranteed by Amber Charter Schools.	12,414,341	5,918,130
Construction note payable for a maximum of \$1,000,000 bearing interest only payments beginning April 1, 2021 at a rate of 4.75% until conversion date. The full amount of construction loan was borrowed and termed out. The loan construction period was completed and loan repayments began on conversion date, February 1, 2022, at which point the aggregate balance was converted into a permanent note payable. Monthly payments of principal plus interest at a fixed rate of 4.75% based on a hypothetical 25 year amortization period will be due through January 2026. Remaining outstanding principal balance due on January 4, 2026. Secured by the Inwood property and guaranteed by Amber Charter Schools. Subordinate to construction note payable above.	963,197	903,688
Less unamortized debt issuance costs	(305,170)	(340,655)
Amber Education Fund Subtotal	<u>13,072,368</u>	<u>6,481,163</u>
	15,129,303	8,662,923
Less current portion of long-term debt	(494,766)	(6,664,101)
	<u>\$ 14,634,537</u>	<u>\$ 1,998,822</u>

AMBER CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022
(With Comparative Totals for 2021)

NOTE F: LONG-TERM DEBT, Cont'd

Future maturities of long-term debt are summarized as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 494,766
2024	477,792
2025	437,208
2026	12,560,886
2027	112,554
Thereafter	<u>1,414,121</u>
	<u>\$ 15,497,327</u>

532 West and Amber Charter Schools must comply with certain financial covenants relative to the construction loans. 532 West and Amber Charter Schools are in compliance with these covenants at June 30, 2022 and 2021.

NOTE G: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Undesignated net assets	\$ 5,813,359	\$ 9,081,793
Invested in property and equipment, net of related debt	<u>2,382,329</u>	<u>2,754,115</u>
	<u>\$ 8,195,688</u>	<u>\$ 11,835,908</u>

NOTE H: OPERATING RESERVE

During the year ended June 30, 2013, Amber Charter Schools' board of trustees adopted an operating reserve policy to ensure the stability of Amber Charter Schools' mission. The policy requires Amber Charter Schools to establish an operating reserve fund with a minimum of \$250,000. Such funds shall be segregated from Amber Charter Schools' operating cash and shall not be used for normal operations. As of June 30, 2022, Amber Charter Schools had not yet established the operating reserve fund. However, management believes that Amber Charter Schools has adequate liquidity available, and that the segregation and restriction of such funds will not have an adverse effect on the operations of the schools.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE I: OPERATING LEASES AND COMMITMENTS

The Organization leases office equipment under non-cancelable lease agreements, expiring at various dates through October 2032.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 162,500
2024	131,500
2025	95,000
2026	81,100
2027	16,500
Thereafter	27,100
	<u>\$ 513,700</u>

NOTE J: RETIREMENT PLAN

The Organization sponsors a defined contribution 403(b) plan covering all eligible employees. The Organization contributes a percentage of compensation based on job classification, 4% for administration staff and 3% for instructional staff. Contributions on behalf of union employees are in accordance with the union agreement, which specified a 5% contribution for the years ended June 30, 2022 and 2021. The Organization made contributions of approximately \$407,500 and \$377,800 for the years ended June 30, 2022 and 2021, respectively.

NOTE K: UNION AGREEMENT

At June 30, 2022, the Organization had 147 employees, of which 38 are represented by a union. The union agreement covering these employees expired on August 31, 2018. In March 2018, the Organization entered into a collective bargaining agreement with the employee union. This agreement went into effect during September 2018 and expires August 31, 2022.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE L: 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 M: CONCENTRATIONS

At June 30, 2022 and 2021, approximately 37% and 90%, respectively of grants and contracts receivable are due from New York State relating to certain grants.

During the years ended June 30, 2022 and 2021, 70% and 85%, 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 the Charter Schools' students are located.

NOTE N: 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 are allocated on the basis of estimates of time and effort.

NOTE O: GIFT-IN-KIND

For the year ended June 30, 2022, the following table outlines the gift-in-kind recognized and the program that benefited from the gift-in-kind services received. There were no associated donor restrictions with the contributed legal services. The services were valued at cost indicated by the donor.

	<u>Revenue Recognized</u>
Contributed Nonfinancial Assets:	
Legal services	<u>\$ 30,000</u>
	<u>Donated Services</u>
Program or Supporting Service:	
Management and general	<u>\$ 30,000</u>

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE P: 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 2023.

In response to the COVID-19 outbreak, in May 2020, the Organization applied for and was approved by a bank for a loan of \$1,915,100 through the Paycheck Protection Program established by the Small Business Administration. Due to the potential of forgiveness, the loan was reported as a long-term note payable on the accompanying statement of financial position at June 30, 2020. The loan principal and accrued interest was fully forgiven by the Small Business Administration as of March 30, 2021 and is reported as Paycheck Protection Program note forgiveness on the accompanying statement of activities and changes in net assets for the year ended June 30, 2021.

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 \$1,925,000 and \$191,000 of revenue relative to ESSER grants during the years ended June 30, 2022 and 2021, respectively. The Organization has \$3,373,000 of ESSER grants still available through September 30, 2024; as of June 30, 2022.

AMBER CHARTER SCHOOLS AND AFFILIATES

OTHER FINANCIAL INFORMATION



INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Amber Charter Schools and Affiliates

We have audited the consolidated financial statements of Amber Charter Schools and Affiliates as of and for the year ended June 30, 2022, and have issued our report thereon dated October 14, 2022, which contained an unmodified opinion on those consolidated 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 is not a required part 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, 2022, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 14, 2022

AMBER CHARTER SCHOOLS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

<u>ASSETS</u>	Amber Charter Schools					Amber Education Fund	Eliminations	Consolidated Total
	Amber East Harlem	Amber Kingsbridge	Amber Inwood	Shared Support Team	Total			
<u>CURRENT ASSETS</u>								
Cash (including restricted cash of \$1,226,033)	\$ 2,165,930	\$ 3,982,512	\$ 552,394	\$ 1,624,361	\$ 8,325,197	\$ 3,188,649	\$ -	\$ 11,513,846
Grants and contracts receivable	1,152,871	1,040,895	1,130,478	2,400	3,326,644	19,260	-	3,345,904
Prepaid expenses	7,265	7,567	-	34,131	48,963	17,250	-	66,213
Related party receivables (payables)	5,125,101	525,779	-	-	5,650,880	-	(5,650,880)	-
TOTAL CURRENT ASSETS	8,451,167	5,556,753	1,682,872	1,660,892	17,351,684	3,225,159	(5,650,880)	14,925,963
 <u>PROPERTY AND EQUIPMENT, net</u>	 4,107,733	 526,419	 1,343,468	 3,600	 5,981,220	 11,530,412	 -	 17,511,632
 <u>OTHER ASSETS</u>								
Security deposits	-	73,271	-	-	73,271	62,843	-	136,114
Deferred lease receivable	-	267,077	-	-	267,077	-	-	267,077
Cash in escrow	154,077	-	-	-	154,077	-	-	154,077
	154,077	340,348	-	-	494,425	62,843	-	557,268
TOTAL ASSETS	\$ 12,712,977	\$ 6,423,520	\$ 3,026,340	\$ 1,664,492	\$ 23,827,329	\$ 14,818,414	\$ (5,650,880)	\$ 32,994,863
 <u>LIABILITIES AND NET ASSETS (DEFICIENCY)</u>								
<u>CURRENT LIABILITIES</u>								
Current maturities of long-term debt	\$ 146,634	\$ 52,474	\$ -	\$ -	\$ 199,108	\$ 295,658	\$ -	\$ 494,766
Accounts payable and accrued expenses	156,655	80,016	234,920	58,696	530,287	22,765	-	553,052
Accrued payroll and benefits	732,782	854,146	152,423	178,751	1,918,102	-	-	1,918,102
Deferred revenue	30,806	-	-	86,400	117,206	-	-	117,206
Related party payables	-	-	3,808,464	985,428	4,793,892	856,988	(5,650,880)	-
TOTAL CURRENT LIABILITIES	1,066,877	986,636	4,195,807	1,309,275	7,558,595	1,175,411	(5,650,880)	3,083,126
 <u>OTHER LIABILITIES</u>								
Deferred lease payable	-	-	2,473,387	-	2,473,387	4,608,125	-	7,081,512
Long-term debt, net of unamortized debt issuance costs of \$368,024	1,791,496	66,331	-	-	1,857,827	12,776,710	-	14,634,537
	1,791,496	66,331	2,473,387	-	4,331,214	17,384,835	-	21,716,049
TOTAL LIABILITIES	2,858,373	1,052,967	6,669,194	1,309,275	11,889,809	18,560,246	(5,650,880)	24,799,175
 <u>NET ASSETS (DEFICIENCY)</u>	 9,854,604	 5,370,553	 (3,642,854)	 355,217	 11,937,520	 (3,741,832)	 -	 8,195,688
TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)	\$ 12,712,977	\$ 6,423,520	\$ 3,026,340	\$ 1,664,492	\$ 23,827,329	\$ 14,818,414	\$ (5,650,880)	\$ 32,994,863

AMBER CHARTER SCHOOLS

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022

	Amber Charter Schools					Amber Education Fund	Eliminations	Consolidated Total
	Amber East Harlem	Amber Kingsbridge	Amber Inwood	Shared Support Team	Total			
Revenue, gains and other support:								
Public school district:								
Resident student enrollment	\$ 6,487,888	\$ 9,252,948	\$ 885,657	\$ -	\$ 16,626,493	\$ -	\$ -	\$ 16,626,493
Students with disabilities	-	48,760	-	-	48,760	-	-	48,760
Grants and contracts:								
State and local	37,811	36,236	12,711	-	86,758	-	-	86,758
Federal - Title and IDEA	291,046	421,827	38,295	-	751,168	-	-	751,168
Federal - other	1,351,638	941,535	1,292,813	-	3,585,986	-	-	3,585,986
Food service / Child nutrition program	147,624	193,870	25,233	-	366,727	-	-	366,727
NYC DoE Rental Assistance	-	2,050,701	265,697	-	2,316,398	-	-	2,316,398
TOTAL REVENUE, GAINS AND OTHER SUPPORT	8,316,007	12,945,877	2,520,406	-	23,782,290	-	-	23,782,290
Expenses:								
Program:								
Regular education	4,249,445	6,785,705	4,168,929	718,398	15,922,477	2,099,722	(1,838,835)	16,183,364
Special education	1,400,686	1,448,346	469,094	132,283	3,450,409	249,119	(253,194)	3,446,334
TOTAL PROGRAM EXPENSES	5,650,131	8,234,051	4,638,023	850,681	19,372,886	2,348,841	(2,092,029)	19,629,698
Management and general	2,255,665	3,906,550	2,434,493	2,949,749	11,546,457	1,270,584	(4,498,912)	8,318,129
Fundraising and special events	-	-	-	-	-	259,325	-	259,325
TOTAL OPERATING EXPENSES	7,905,796	12,140,601	7,072,516	3,800,430	30,919,343	3,878,750	(6,590,941)	28,207,152
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	410,211	805,276	(4,552,110)	(3,800,430)	(7,137,053)	(3,878,750)	6,590,941	(4,424,862)
Support and other revenue:								
Contributions								
Foundations	-	-	-	600,000	600,000	-	-	600,000
Individuals	40	-	-	-	40	24,934	-	24,974
Corporations	60,642	22,500	-	-	83,142	-	-	83,142
In-kind	-	-	-	-	-	30,000	-	30,000
Management fee income	-	-	-	3,533,046	3,533,046	-	(3,533,046)	-
Fundraising	-	-	-	22,601	22,601	-	-	22,601
Rental income	-	-	611,579	-	611,579	2,446,316	(3,057,895)	-
Investment income	-	-	-	-	-	251	-	251
Miscellaneous income	1,061	1,498	158	-	2,717	20,957	-	23,674
TOTAL SUPPORT AND OTHER REVENUE	61,743	23,998	611,737	4,155,647	4,853,125	2,522,458	(6,590,941)	784,642
CHANGE IN NET ASSETS	471,954	829,274	(3,940,373)	355,217	(2,283,928)	(1,356,292)	-	(3,640,220)
Net assets (deficiency) at beginning of year	9,382,650	4,541,279	297,519	-	14,221,448	(2,385,540)	-	11,835,908
NET ASSETS (DEFICIENCY) AT END OF YEAR	\$ 9,854,604	\$ 5,370,553	\$ (3,642,854)	\$ 355,217	\$ 11,937,520	\$ (3,741,832)	\$ -	\$ 8,195,688

AMBER EAST HARLEM

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2022

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Sub-total	Management and general	Sub-total	
Personnel Services Costs:							
Administrative staff personnel	8	\$ 109,544	\$ 24,920	\$ 134,464	\$ 537,852	\$ 537,852	\$ 672,316
Instructional personnel	38	1,986,366	744,595	2,730,961	-	-	2,730,961
Non-instructional personnel	<u>2</u>	<u>92,833</u>	<u>21,119</u>	<u>113,952</u>	<u>-</u>	<u>-</u>	<u>113,952</u>
Total salaries and staff	48	2,188,743	790,634	2,979,377	537,852	537,852	3,517,229
Fringe benefits and payroll taxes		647,418	233,865	881,283	159,095	159,095	1,040,378
Retirement		85,829	31,004	116,833	21,092	21,092	137,925
Professional development		19,224	4,372	23,596	-	-	23,596
Professional services		435,358	139,229	574,587	1,429,270	1,429,270	2,003,857
Student and staff recruitment		12,215	4,373	16,588	2,931	2,931	19,519
Travel and conference		4,933	1,782	6,715	1,212	1,212	7,927
Supplies / materials		215,350	48,988	264,338	-	-	264,338
Office expenses		6,031	1,372	7,403	29,613	29,613	37,016
Food service		116,433	26,487	142,920	-	-	142,920
Student services		67,342	-	67,342	-	-	67,342
Insurance		2,453	886	3,339	603	603	3,942
Dues and subscriptions		8,052	2,908	10,960	1,980	1,980	12,940
Non-capitalized equipment and furnishings		1,725	623	2,348	424	424	2,772
Technology		76,228	17,341	93,569	10,396	10,396	103,965
Repairs and maintenance		32,686	11,807	44,493	8,032	8,032	52,525
Depreciation and amortization		191,539	43,572	235,111	26,123	26,123	261,234
Interest expense		75,338	27,214	102,552	18,513	18,513	121,065
Other		<u>62,548</u>	<u>14,229</u>	<u>76,777</u>	<u>8,529</u>	<u>8,529</u>	<u>85,306</u>
		<u>\$ 4,249,445</u>	<u>\$ 1,400,686</u>	<u>\$ 5,650,131</u>	<u>\$ 2,255,665</u>	<u>\$ 2,255,665</u>	<u>\$ 7,905,796</u>

AMBER KINGSBRIDGE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2022

		Program Services			Supporting Services		Total
		Regular Education	Special Education	Sub-total	Management and general	Sub-total	
		No. of Positions					
Personnel Services Costs:							
Administrative staff personnel	14	\$ 207,855	\$ 33,767	\$ 241,622	\$ 966,488	\$ 966,488	\$ 1,208,110
Instructional personnel	50	2,763,014	646,469	3,409,483	-	-	3,409,483
Non-instructional personnel	2	53,148	8,635	61,783	-	-	61,783
Total salaries and staff	66	3,024,017	688,871	3,712,888	966,488	966,488	4,679,376
Fringe benefits and payroll taxes		874,107	199,121	1,073,228	279,369	279,369	1,352,597
Retirement		101,302	23,077	124,379	32,376	32,376	156,755
Professional development		66,602	10,819	77,421	-	-	77,421
Legal services		-	-	-	10,211	10,211	10,211
Professional services		345,112	66,085	411,197	2,040,860	2,040,860	2,452,057
Student and staff recruitment		13,534	3,063	16,597	4,227	4,227	20,824
Travel and conference		5,909	1,346	7,255	1,888	1,888	9,143
Supplies / materials		291,223	47,311	338,534	-	-	338,534
Office expenses		11,815	1,919	13,734	54,937	54,937	68,671
Food service		172,691	28,054	200,745	-	-	200,745
Student services		173,203	-	173,203	-	-	173,203
Insurance		1,312	299	1,611	419	419	2,030
Building and land rent / lease		1,511,216	344,255	1,855,471	482,990	482,990	2,338,461
Dues and subscriptions		11,876	2,705	14,581	3,796	3,796	18,377
Utilities		12,609	2,872	15,481	4,031	4,031	19,512
Non-capitalized equipment and furnishings		302	69	371	96	96	467
Technology		51,798	8,415	60,213	6,691	6,691	66,904
Repairs and maintenance		14,242	3,244	17,486	4,553	4,553	22,039
Depreciation and amortization		98,650	16,026	114,676	12,742	12,742	127,418
Interest expense		1,766	402	2,168	565	565	2,733
Other		2,419	393	2,812	311	311	3,123
		<u>\$ 6,785,705</u>	<u>\$ 1,448,346</u>	<u>\$ 8,234,051</u>	<u>\$ 3,906,550</u>	<u>\$ 3,906,550</u>	<u>\$ 12,140,601</u>

AMBER INWOOD

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2022

		Program Services			Supporting Services		Total
		Regular Education	Special Education	Sub-total	Management and general	Sub-total	
	No. of Positions						
Personnel Services Costs:							
Administrative staff personnel	5	\$ 82,246	\$ 9,301	\$ 91,547	\$ 366,187	\$ 366,187	\$ 457,734
Instructional personnel	8	468,114	52,939	521,053	-	-	521,053
Non-instructional personnel	1	79,286	8,966	88,252	-	-	88,252
Total salaries and staff	14	629,646	71,206	700,852	366,187	366,187	1,067,039
Fringe benefits and payroll taxes		170,994	19,337	190,331	99,447	99,447	289,778
Retirement		5,500	622	6,122	3,199	3,199	9,321
Professional development		26,905	3,043	29,948	-	-	29,948
Legal services		-	-	-	8,713	8,713	8,713
Professional services		29,826	3,373	33,199	195,754	195,754	228,953
Student and staff recruitment		50,853	5,751	56,604	21,746	21,746	78,350
Travel and conference		1,792	203	1,995	1,043	1,043	3,038
Supplies / Materials		173,137	19,580	192,717	-	-	192,717
Office expenses		4,249	481	4,730	18,919	18,919	23,649
Food service		20,939	2,368	23,307	-	-	23,307
Student services		20,881	-	20,881	-	-	20,881
Building and land rent / lease		2,903,123	328,305	3,231,428	1,688,388	1,688,388	4,919,816
Dues and subscriptions		4,370	494	4,864	2,541	2,541	7,405
Utilities		15,259	1,726	16,985	8,875	8,875	25,860
Non-capitalized equipment and furnishings		2,443	276	2,719	1,421	1,421	4,140
Technology		34,114	3,858	37,972	4,219	4,219	42,191
Repairs and maintenance		10,449	1,182	11,631	6,077	6,077	17,708
Depreciation and amortization		63,100	7,136	70,236	7,804	7,804	78,040
Other		1,349	153	1,502	160	160	1,662
		<u>\$ 4,168,929</u>	<u>\$ 469,094</u>	<u>\$ 4,638,023</u>	<u>\$ 2,434,493</u>	<u>\$ 2,434,493</u>	<u>\$ 7,072,516</u>

AMBER SCHOOL SERVICES TEAM

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

		Program Services			Supporting Services		Total
		Regular Education	Special Education	Sub-total	Management and general	Sub-total	
	No. of Positions						
Personnel Services Costs:							
Administrative staff personnel	<u>19</u>	\$ 393,663	\$ 72,488	\$ 466,151	\$ 1,864,605	\$ 1,864,605	\$ 2,330,756
Total salaries and staff	19	393,663	72,488	466,151	1,864,605	1,864,605	2,330,756
Fringe benefits and payroll taxes		111,725	20,573	132,298	529,189	529,189	661,487
Retirement		17,480	3,219	20,699	82,792	82,792	103,491
Professional development		29,185	5,374	34,559	-	-	34,559
Legal services		-	-	-	30,401	30,401	30,401
Accounting / Audit		-	-	-	65,258	65,258	65,258
Financial management services		-	-	-	51,686	51,686	51,686
Professional services		42,123	7,756	49,879	121,466	121,466	171,345
Student and staff recruitment		15,359	2,828	18,187	60,649	60,649	78,836
Travel and conference		2,457	452	2,909	11,638	11,638	14,547
Office expenses		267	49	316	1,267	1,267	1,583
Insurance		22,739	4,187	26,926	107,706	107,706	134,632
Dues and subscriptions		1,338	246	1,584	6,340	6,340	7,924
Utilities		1,180	217	1,397	5,591	5,591	6,988
Non-capitalized equipment and furnishings		91	17	108	433	433	541
Technology		68,765	12,662	81,427	9,048	9,048	90,475
Repairs and maintenance		22	4	26	102	102	128
Depreciation and amortization		144	27	171	19	19	190
Other		<u>11,860</u>	<u>2,184</u>	<u>14,044</u>	<u>1,559</u>	<u>1,559</u>	<u>15,603</u>
		<u>\$ 718,398</u>	<u>\$ 132,283</u>	<u>\$ 850,681</u>	<u>\$ 2,949,749</u>	<u>\$ 2,949,749</u>	<u>\$ 3,800,430</u>