

AMBER CHARTER SCHOOLS AND AFFILIATES

NEW YORK, NEW YORK

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

REPORT REQUIRED BY GOVERNMENT
AUDITING STANDARDS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2025

(With Comparative Totals for 2024)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
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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, 2025, 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, 2025, 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 Consolidated 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 Consolidated 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 Responsibilities for the Audit of the Consolidated 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 disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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' ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Amber Charter Schools and Affiliates' June 30, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 11, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025 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 10, 2025

AMBER CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025
(With Comparative Totals for 2024)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 12,934,038	\$ 8,908,272
Grants and contracts receivable	977,519	4,133,074
Prepaid expenses	529,964	536,612
Related party receivables	372,515	372,515
TOTAL CURRENT ASSETS	14,814,036	13,950,473
<u>PROPERTY AND EQUIPMENT, net</u>	4,942,153	5,239,353
<u>OTHER ASSETS</u>		
Security deposits	72,878	72,878
Cash in escrow	195,938	189,226
Right-of-use assets - Finance	143,967	246,905
Right-of-use assets - Operating	93,471,303	96,785,508
TOTAL ASSETS	\$ 113,640,275	\$ 116,484,343
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current maturities of long-term debt	\$ 100,599	\$ 94,717
Accounts payable and accrued expenses	443,214	371,284
Accrued payroll and benefits	2,281,472	2,557,203
Related party payables	41,006	41,006
Current portion of lease liabilities - Finance	102,464	103,860
Current portion of lease liabilities - Operating	2,267,950	1,896,263
TOTAL CURRENT LIABILITIES	5,236,705	5,064,333
<u>OTHER LIABILITIES</u>		
Long-term debt, net of unamortized debt issuance costs of \$49,849 and \$54,184 in 2025 and 2024, respectively	1,471,116	1,567,380
Long-term lease liabilities - Finance	49,779	152,242
Long-term lease liabilities - Operating	98,587,953	100,855,903
TOTAL LIABILITIES	105,345,553	107,639,858
<u>NET ASSETS</u> - without donor restrictions	8,294,722	8,844,485
TOTAL LIABILITIES AND NET ASSETS	\$ 113,640,275	\$ 116,484,343

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, 2025
(With Comparative Totals for 2024)

	Year ended June 30,	
	2025	2024
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 22,350,723	\$ 21,039,870
Students with disabilities	634,675	445,438
Grants and contracts:		
State and local	91,975	84,709
Federal - Title and IDEA	946,399	925,379
Federal - other	66,371	1,120,269
Food service / Child nutrition program	736,871	748,619
NYC DoE Rental Assistance	4,219,189	3,946,163
TOTAL REVENUE, GAINS AND OTHER SUPPORT	29,046,203	28,310,447
Expenses:		
Program:		
Regular education	18,254,985	17,433,040
Special education	4,528,120	4,944,649
TOTAL PROGRAM EXPENSES	22,783,105	22,377,689
Management and general	8,906,113	9,067,344
TOTAL OPERATING EXPENSES	31,689,218	31,445,033
DEFICIT FROM SCHOOL OPERATIONS	(2,643,015)	(3,134,586)
Support and other revenue:		
Contributions:		
Foundations	1,980,439	1,226,403
Individuals	15,000	2,500
Corporations	-	34,654
Investment income	80,627	87,455
Miscellaneous income	17,186	28,944
TOTAL SUPPORT AND OTHER REVENUE	2,093,252	1,379,956
CHANGE IN NET ASSETS	(549,763)	(1,754,630)
Net assets without donor restrictions at beginning of year	8,844,485	10,599,115
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	\$ 8,294,722	\$ 8,844,485

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, 2025
(With Comparative Totals for 2024)

	Year ended June 30,						
	2025						2024
	No. of Positions	Program Services			Supporting Services		Total
Regular Education		Special Education	Sub-total	Management and general	Total		
Personnel Services Costs:							
Administrative staff personnel	59	\$ 1,038,894	\$ 221,143	\$ 1,260,037	\$ 5,040,144	\$ 6,300,181	\$ 6,147,720
Instructional personnel	104	6,361,109	1,886,855	8,247,964	-	8,247,964	8,217,648
Non-instructional personnel	4	188,781	36,311	225,092	-	225,092	281,426
Total salaries and staff	166	7,588,784	2,144,309	9,733,093	5,040,144	14,773,237	14,646,794
Fringe benefits and payroll taxes		2,010,063	560,480	2,570,543	1,359,773	3,930,316	3,717,878
Retirement		333,202	95,144	428,346	237,964	666,310	567,312
Professional development		77,832	17,802	95,634	-	95,634	96,499
Legal services		-	-	-	18,081	18,081	7,397
Accounting / audit		-	-	-	123,093	123,093	65,501
Professional services		2,035,961	446,754	2,482,715	11,761	2,494,476	2,551,462
Travel and conference		14,496	3,964	18,460	14,910	33,370	40,200
Supplies / materials		389,954	79,137	469,091	-	469,091	581,514
Office expenses		11,890	2,232	14,122	56,487	70,609	90,586
Food service		312,472	86,253	398,725	116,221	514,946	527,015
Student services		429,894	-	429,894	-	429,894	403,144
Student and staff recruitment		60,514	14,165	74,679	85,314	159,993	173,840
Utilities		71,779	29,000	100,779	35,319	136,098	155,411
Insurance		49,515	12,445	61,960	206,518	268,478	189,763
Building and land rent / lease		4,073,335	841,330	4,914,665	1,429,953	6,344,618	6,344,122
Dues and subscriptions		22,108	5,926	28,034	34,288	62,322	66,860
Non-capitalized equipment and furnishings		3,599	1,047	4,646	1,454	6,100	11,091
Technology		133,181	30,291	163,472	18,163	181,635	202,237
Repairs and maintenance		60,831	18,898	79,729	22,502	102,231	90,653
Depreciation and amortization		494,448	106,267	600,715	66,746	667,461	745,729
Interest expense		58,955	27,454	86,409	24,376	110,785	119,363
Other		22,172	5,222	27,394	3,046	30,440	50,662
		\$ 18,254,985	\$ 4,528,120	\$ 22,783,105	\$ 8,906,113	\$ 31,689,218	\$ 31,445,033

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, 2025
(With Comparative Totals for 2024)

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (549,763)	\$ (1,754,630)
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	667,461	745,729
Amortization of debt issuance costs included in interest expense	4,335	4,335
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	3,155,555	35,294
Related party receivables, net	-	754,983
Prepaid expenses	6,648	(58,535)
Accounts payable and accrued expenses	70,610	(350,611)
Accrued payroll and benefits	(275,731)	528,718
Deferred revenue	-	(55,304)
Lease liability, net of right-of-use assets	<u>1,247,821</u>	<u>1,300,826</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	4,326,936	1,150,805
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Additions to property and equipment	<u>(199,741)</u>	<u>(260,146)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(199,741)	(260,146)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayment of long-term debt	<u>(94,717)</u>	<u>(89,179)</u>
NET CASH USED FOR FINANCING ACTIVITIES	<u>(94,717)</u>	<u>(89,179)</u>
NET INCREASE IN CASH AND RESTRICTED CASH	4,032,478	801,480
Cash and restricted cash at beginning of year	<u>9,097,498</u>	<u>8,296,018</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 13,129,976</u>	<u>\$ 9,097,498</u>

AMBER CHARTER SCHOOLS AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Interest paid	<u>\$ 106,450</u>	<u>\$ 115,028</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	\$ 12,934,038	\$ 8,908,272
Cash in escrow	<u>195,938</u>	<u>189,226</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 13,129,976</u>	<u>\$ 9,097,498</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchase of property and equipment, net through accounts payable and accrued expense	<u>\$ 1,320</u>	<u>\$ 4,820</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, 2025
(With Comparative Totals for 2024)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Amber Charter Schools (“Amber”) 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 Charter School 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 July 31, 2026.

Amber Charter School 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 Charter School 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 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 Kingsbridge operates. Such properties were subsequently sublet to Kingsbridge. Effective June 2020, the lease held by 3120 Corlear was assigned to Kingsbridge and the sublease was terminated. 220 East is a co-borrower with East Harlem on the mortgage payable with Raza Development Fund, Inc. (“Raza”).

The Amber School Services Team (“School Services Team”) is a division of the educational corporation operating as a charter management organization. The purpose is to manage and support the three schools.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of East Harlem, Kingsbridge, Inwood, School Services Team, 652 West, 3120 Corlear, and 220 East (collectively referred to as the “Organization”). The only activities in the LLC’s during the years ended June 30, 2025 and 2024 was rental income from Amber Charter Schools and rent expense to unrelated parties as described in Note E. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. The activity of Amber Education Fund is not included in the consolidated or consolidating financial statements for the years ended June 30, 2025 and 2024.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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, 2025 and 2024.

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.

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 Organization. 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.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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>2025</u>	<u>2024</u>	<u>2023</u>
Grants and contracts receivable	\$ 149,176	\$ 86,187	\$ 7,232

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 with donor restrictions 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 \$2,180,000 to be received by December 15, 2023. The Organization recognized \$650,000 of contribution revenue on the accompanying consolidated statement of activities and changes in net assets for the year ended June 30, 2024; and \$1,530,000 prior to 2024. The contribution was fully recognized and received as of June 30, 2024.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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. The Organization received cost-reimbursement grants of approximately \$2,000 that have not been recognized at June 30, 2025 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 agreements require a balance be maintained to fund any audit and legal expense should the Organization cease operations and dissolve. The amount in escrow was \$195,938 and \$189,226 at June 30, 2025 and 2024, respectively.

Grants and contracts receivable

At each fiscal year end, the Organization evaluates the need for an expected allowance for credit losses for all outstanding balances that fall under ASU 2014-09. As necessary, the allowance for credit losses is updated at fiscal year-end to reflect any changes in credit risk since the receivable was initially recorded. The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist.

The Organization uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs for the years ended June 30, 2025 and 2024.

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 or amortization are removed from the accounts and the related gain or loss is reflected in operations.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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.

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.

The Organization files tax returns in various jurisdictions and is subject to potential examination by taxing authorities. The Organization's current and prior three years tax returns remain subject to review by taxing authorities. 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 develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. 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 \$160,000 and \$173,800 for the years ended June 30, 2025 and 2024, 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.

Leases

The Organization leases several buildings and equipment. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and long-term operating lease liabilities on the accompanying consolidated statement of financial position. Finance leases are included in right of use assets – finance, equipment, other current liabilities, and long-term finance lease liabilities on the accompanying consolidated statement of financial position.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating and finance lease ROU assets also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Lease expense for finance leases is recognized as amortization expense and interest expense.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

Comparatives for year ended June 30, 2024

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 consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassifications

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

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the consolidated statement of financial position date through October 10, 2025, which is the date the consolidated 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, 2025

(With Comparative Totals for 2024)

NOTE B: 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.

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

	June 30,	
	<u>2025</u>	<u>2024</u>
Cash	\$ 12,934,038	\$ 8,908,272
Grants and contracts receivable	<u>977,519</u>	<u>4,133,074</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 13,911,557</u>	<u>\$ 13,041,346</u>

NOTE C: RELATED PARTY TRANSACTIONS

The Organization is a guarantor of mortgages in the name of Inwood 532 West 215th Street, LLC ("532 West"), a wholly owned subsidiary of Amber Education Fund. The term of the guarantees on the 532 West mortgages are through January 2026. The Organization would be required to pay the loans in the event of default and as of June 30, 2025, the outstanding balance of the mortgage notes are approximately \$12,473,000. At June 30, 2025, the maximum amount of future payments (undiscounted) the Organization could be required to make under the guarantees are \$12,820,000. Amber Charter Schools must comply with certain financial covenants relative to the construction loans. Amber Charter Schools was in compliance with these covenants at June 30, 2025.

For the year ended June 30, 2025, the Charter School received \$1,500,000 in contributions from Amber Education Fund. This is included on the accompanying consolidated statement of activities and changes in net assets as foundation contributions.

NOTE D: FINANCE LEASES

The Charter School has finance leases for copiers, computers, and other equipment. The leases have varying lease terms ranging from two to four years through 2027 with monthly payments of approximately \$9,000.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: FINANCE LEASES, Cont'd

A summary of the finance lease right-of-use assets and liabilities are as follows:

	Consolidated Statement of Financial Position Classification	Amber Charter Schools		
		East Harlem	Kingsbridge	Total
<u>June 30, 2025</u>				
<u>Assets</u>				
Finance lease	Other assets	\$ 51,604	\$ 92,363	\$ 143,967
<u>Liabilities</u>				
Finance lease	Current liabilities	\$ 40,630	\$ 61,834	\$ 102,464
Finance lease	Other liabilities	13,933	35,846	49,779
		<u>\$ 54,563</u>	<u>\$ 97,680</u>	<u>\$ 152,243</u>
<u>June 30, 2024</u>				
<u>Assets</u>				
Finance lease	Other assets	\$ 95,069	\$ 151,836	\$ 246,905
<u>Liabilities</u>				
Finance lease	Current liabilities	\$ 43,864	\$ 59,996	\$ 103,860
Finance lease	Other liabilities	54,562	97,680	152,242
		<u>\$ 98,426</u>	<u>\$ 157,676</u>	<u>\$ 256,102</u>

The components of finance lease expense were as follows:

	Amber Charter Schools		
	East Harlem	Kingsbridge	Total
<u>Year ended June 30, 2025</u>			
Finance lease cost:			
Amortization of right-of-use assets	\$ 43,466	\$ 59,473	\$ 102,939
Interest on lease liabilities	3,093	5,352	8,445
Total finance lease costs	<u>\$ 46,559</u>	<u>\$ 64,825</u>	<u>\$ 111,384</u>
<u>Year ended June 30, 2024</u>			
Finance lease cost:			
Amortization of right-of-use assets	\$ 86,453	\$ 79,915	\$ 166,368
Interest on lease liabilities	5,348	8,143	13,491
Total finance lease costs	<u>\$ 91,801</u>	<u>\$ 88,058</u>	<u>\$ 179,859</u>

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: FINANCE LEASES, Cont'd

As of June 30, 2025 minimum payments due for finance lease liabilities are as follows:

	Amber Charter Schools		
	East Harlem	Kingsbridge	Total
2026	\$ 42,021	\$ 64,560	\$ 106,581
2027	14,007	36,246	50,253
Total lease payments	56,028	100,806	156,834
Less: Interest	1,465	3,126	4,591
Present value of lease liabilities	<u>\$ 54,563</u>	<u>\$ 97,680</u>	<u>\$ 152,243</u>

Supplemental information for finance leases:

	Amber Charter Schools		
	East Harlem	Kingsbridge	Total
	<u>Year ended June 30, 2025</u>		
Cash paid for amounts included in the measurement of finance lease liabilities:			
Operating cash flows for finance leases (interest)	\$ 3,242	\$ 5,569	\$ 8,811
Financing cash flows for finance leases (principal)	\$ 43,714	\$ 59,778	\$ 103,492
Weighted-average remaining lease term:			
Financing leases	1.42 years	1.66 years	
Weighted-average discount rate:			
Financing leases	4.27%	4.29%	
	<u>Year ended June 30, 2024</u>		
Cash paid for amounts included in the measurement of finance lease liabilities:			
Operating cash flows for finance leases (interest)	\$ 5,593	\$ 8,414	\$ 14,007
Financing cash flows for finance leases (principal)	\$ 84,602	\$ 79,697	\$ 164,299
Weighted-average remaining lease term:			
Financing leases	2.30 years	2.64 years	
Weighted-average discount rate:			
Financing leases	4.20%	4.32%	

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: OPERATING LEASES

The Charter School has operating leases for school facilities and equipment. The leases have varying lease terms ranging from two to thirty-three years through June 2055, with monthly payments of approximately \$413,000.

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. Effective June 15, 2020, the lease held by 3120 Corlear with the unrelated third party was assigned to Kingsbridge. On May 11, 2021, the terms of this lease were amended. The term of the 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 upon expiration on June 30, 2026. Total rent paid under the third party lease was approximately \$1,459,000 and \$1,451,000 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024. There are additional security deposits of \$11,305 at June 30, 2025 and 2024 which represent deposits on electric meters.

In May 2020, 532 West (a related party described in Note C) 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. The lease agreement between 532 West and the third party is guaranteed by Amber Charter Schools.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 2,305,000
2027	2,305,000
2028	2,305,000
2029	2,305,000
2030	2,305,000
Thereafter	<u>77,517,000</u>
	<u>\$ 89,042,000</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 rent paid under this lease was approximately \$3,566,000 and \$3,457,000 for the years ended June 30, 2025 and 2024, respectively.

Kingsbridge leased a portion of this space from Inwood for the years ended June 30, 2025 and 2024 for \$1,816,938 and \$1,759,217, respectively. This amount was properly eliminated in the accompanying consolidated financial statements.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: OPERATING LEASES, Cont'd

A summary of the operating lease right-of-use assets and liabilities are as follows:

	Consolidated Statement of Financial Position Classification	Amber Charter Schools		
		Kingsbridge	Inwood	Total
<u>June 30, 2025</u>				
<u>Assets</u>				
Operating lease	Other assets	\$ 1,504,066	\$ 91,967,237	\$ 93,471,303
<u>Liabilities</u>				
Operating lease	Current liabilities	\$ 1,449,160	\$ 818,790	\$ 2,267,950
Operating lease	Other liabilities	-	98,587,953	98,587,953
		<u>\$ 1,449,160</u>	<u>\$ 99,406,743</u>	<u>\$ 100,855,903</u>
<u>June 30, 2024</u>				
<u>Assets</u>				
Operating lease	Other assets	\$ 2,967,157	\$ 93,818,351	\$ 96,785,508
<u>Liabilities</u>				
Operating lease	Current liabilities	\$ 1,399,296	\$ 496,967	\$ 1,896,263
Operating lease	Other liabilities	1,449,160	99,406,743	100,855,903
		<u>\$ 2,848,456</u>	<u>\$ 99,903,710</u>	<u>\$ 102,752,166</u>

The components of operating lease expense at were as follows:

	Amber Charter Schools		
	Kingsbridge	Inwood	Total
<u>Year ended June 30, 2025</u>			
Operating lease expense	<u>\$ 1,523,249</u>	<u>\$ 4,941,692</u>	<u>\$ 6,464,941</u>
<u>Year ended June 30, 2024</u>			
Operating lease expense	<u>\$ 1,523,249</u>	<u>\$ 4,969,995</u>	<u>\$ 6,493,244</u>

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: OPERATING LEASES, Cont'd

As of June 30, 2025, minimum payments due for operating lease liabilities are as follows:

	Amber Charter Schools		
	<u>Kingsbridge</u>	<u>Inwood</u>	<u>Total</u>
2026	\$ 1,468,342	\$ 3,888,580	\$ 5,356,922
2027	-	4,147,636	4,147,636
2028	-	4,249,636	4,249,636
2029	-	4,348,236	4,348,236
2030	-	4,402,636	4,402,636
Thereafter	-	<u>138,926,506</u>	<u>138,926,506</u>
Total lease payments	<u>1,468,342</u>	<u>159,963,230</u>	<u>161,431,572</u>
Less: Interest	<u>19,182</u>	<u>60,556,487</u>	<u>60,575,669</u>
Present value of lease liabilities	<u>\$ 1,449,160</u>	<u>\$ 99,406,743</u>	<u>\$ 100,855,903</u>

Supplemental information for operating leases:

	Amber Charter Schools		
	<u>Kingsbridge</u>	<u>Inwood</u>	<u>Total</u>
	<u>Year ended June 30, 2025</u>		
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	\$ 1,459,454	\$ 3,587,545	\$ 5,046,999
Weighted-average remaining lease term:			
Operating leases	1 year	31 years	
Weighted-average discount rate:			
Operating leases	2.88%	3.11%	
	<u>Year ended June 30, 2024</u>		
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	\$ 1,450,879	\$ 3,507,728	\$ 4,958,607
Weighted-average remaining lease term:			
Operating leases	2 years	31.99 years	
Weighted-average discount rate:			
Operating leases	2.88%	3.11%	

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE F: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	<u>2025</u>	<u>2024</u>
Land	\$ 335,000	\$ 335,000
Building	5,790,116	5,676,034
Furniture and fixtures	937,029	937,029
Computers and equipment	2,362,202	2,275,224
Software	55,860	55,860
Leasehold improvements	1,025,297	1,025,297
Construction in progress	<u>5,030</u>	<u>5,030</u>
	10,510,534	10,309,474
Less accumulated depreciation and amortization	<u>5,568,381</u>	<u>5,070,121</u>
	<u>\$ 4,942,153</u>	<u>\$ 5,239,353</u>

Construction in progress relates mainly to architect fees. Construction in progress is stated at cost. No provision for depreciation or amortization is made on construction in progress until such time as the relevant assets are completed and put into use.

Depreciation expense for the years ended June 30, 2025 and 2024 was approximately \$498,000 and \$510,000, respectively.

NOTE G: LONG-TERM DEBT

Long-term debt is summarized as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
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. 220 East is a co-borrower on the note.	\$ 1,621,564	1,716,281
Less unamortized debt issuance costs	(49,849)	(54,184)
Less current portion of long-term debt	<u>(100,599)</u>	<u>(94,717)</u>
	<u>\$ 1,471,116</u>	<u>\$ 1,567,380</u>

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE G: LONG-TERM DEBT, Cont'd

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

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 100,599
2027	106,846
2028	113,481
2029	120,528
2030	128,013
Thereafter	<u>1,052,097</u>
	<u>\$ 1,621,564</u>

220 East and East Harlem must comply with certain financial covenants relative to the construction loans. 220 East and Amber Charter Schools were in compliance with these covenants at June 30, 2025.

NOTE H: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Undesignated net assets	\$ 4,924,284	\$ 5,267,229
Invested in property and equipment, net of related debt	<u>3,370,438</u>	<u>3,577,256</u>
	<u>\$ 8,294,722</u>	<u>\$ 8,844,485</u>

NOTE I: 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, 2025 and 2024, 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, 2025

(With Comparative Totals for 2024)

NOTE J: RETIREMENT PLAN

The Organization sponsors a defined contribution 403(b) plan covering all eligible employees. The Organization makes a non-elective contribution not to exceed 5% of the compensation for eligible employees and 6% of compensation upon five years of service for the years ended June 30, 2025 and 2024. Eligible employees will receive a one-time employer contribution of \$5,000 upon fifteen years of service. The Organization made contributions of approximately \$666,300 and \$567,300 for the years ended June 30, 2025 and 2024, respectively.

NOTE K: UNION AGREEMENT

At June 30, 2025, the Organization had 179 employees, of which 43 are represented by a union. The union agreement covering these employees expires on September 1, 2026.

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, 2025 and 2024, approximately 83% and 20%, respectively, of grants and contracts receivable are due from New York State relating to certain grants.

During the years ended June 30, 2025 and 2024, 74% and 72%, respectively, of total operating revenue and support came from per-pupil funding provided by New York City Department of Education. The per-pupil rate is set annually by New York State based on the school district in which the Charter Schools' students are located.

NOTE N: FUNCTIONAL EXPENSES

The consolidated 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: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

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 \$4,000 and \$1,073,600 of revenue relative to ESSER grants for the years ended June 30, 2025 and 2024, respectively.

AMBER CHARTER SCHOOLS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE P: RENEWAL PROCESS

All three schools are currently in the process of renewing their charter as granted by Board of Regents of the University of the State of New York (SUNY) or the SUNY Board of Trustees' Charter School Committee. The charters currently expire on July 31, 2026. The renewal process includes review by SUNY of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. All three schools have submitted their application for renewal. Upon review of the application and results, SUNY will determine if the charter should be renewed and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Charter Schools expects the charters to be renewed.

AMBER CHARTER SCHOOLS AND AFFILIATES

OTHER FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

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, 2025, and have issued our report thereon dated October 10, 2025, 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, 2025, as a whole.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 10, 2025

AMBER CHARTER SCHOOLS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

<u>ASSETS</u>	Amber Charter Schools					
	<u>East Harlem</u>	<u>Kingsbridge</u>	<u>Inwood</u>	<u>School Services Team</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT ASSETS</u>						
Cash	\$ 3,138,108	\$ 3,889,980	\$ 970,666	\$ 4,935,284	\$ -	\$ 12,934,038
Grants and contracts receivable	182,505	547,111	188,387	59,516	-	977,519
Prepaid expenses	8,735	126,121	322,970	72,138	-	529,964
Related party receivables	3,267,213	6,825,812	-	-	(9,720,510)	372,515
TOTAL CURRENT ASSETS	6,596,561	11,389,024	1,482,023	5,066,938	(9,720,510)	14,814,036
<u>PROPERTY AND EQUIPMENT, net</u>	3,728,297	353,833	802,587	57,436	-	4,942,153
<u>OTHER ASSETS</u>						
Security deposits	-	72,878	-	-	-	72,878
Cash in escrow	195,938	-	-	-	-	195,938
Right-of-use assets - Finance	51,604	92,363	-	-	-	143,967
Right-of-use assets - Operating	-	1,504,066	91,967,237	-	-	93,471,303
	<u>247,542</u>	<u>1,669,307</u>	<u>91,967,237</u>	<u>-</u>	<u>-</u>	<u>93,884,086</u>
TOTAL ASSETS	\$ 10,572,400	\$ 13,412,164	\$ 94,251,847	\$ 5,124,374	\$ (9,720,510)	\$ 113,640,275
<u>LIABILITIES AND NET ASSETS (DEFICIENCY)</u>						
<u>CURRENT LIABILITIES</u>						
Current maturities of long-term debt	\$ 100,599	\$ -	\$ -	\$ -	\$ -	\$ 100,599
Accounts payable and accrued expenses	101,572	151,090	79,748	110,804	-	443,214
Accrued payroll and benefits	668,315	1,139,610	310,508	163,039	-	2,281,472
Related party payables	-	-	6,760,559	3,000,957	(9,720,510)	41,006
Current portion of lease liabilities - Finance	40,630	61,834	-	-	-	102,464
Current portion of lease liabilities - Operating	-	1,449,160	818,790	-	-	2,267,950
TOTAL CURRENT LIABILITIES	911,116	2,801,694	7,969,605	3,274,800	(9,720,510)	5,236,705
<u>OTHER LIABILITIES</u>						
Long-term debt, net of unamortized debt issuance costs of \$49,849 and \$54,184 in 2025 and 2024, respectively	1,471,116	-	-	-	-	1,471,116
Long-term lease liabilities - Finance	13,933	35,846	-	-	-	49,779
Long-term lease liabilities - Operating	-	-	98,587,953	-	-	98,587,953
	<u>1,485,049</u>	<u>35,846</u>	<u>98,587,953</u>	<u>-</u>	<u>-</u>	<u>100,108,848</u>
TOTAL LIABILITIES	2,396,165	2,837,540	106,557,558	3,274,800	(9,720,510)	105,345,553
<u>NET ASSETS (DEFICIENCY) - without donor restrictions</u>	<u>8,176,235</u>	<u>10,574,624</u>	<u>(12,305,711)</u>	<u>1,849,574</u>	<u>-</u>	<u>8,294,722</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)	\$ 10,572,400	\$ 13,412,164	\$ 94,251,847	\$ 5,124,374	\$ (9,720,510)	\$ 113,640,275

AMBER CHARTER SCHOOLS

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2025

	Amber Charter Schools					
	East Harlem	Kingsbridge	Inwood	School Services Team	Eliminations	Total
Revenue, gains and other support:						
Public school district:						
Resident student enrollment	\$ 5,470,865	\$ 13,548,670	\$ 3,331,188	\$ -	\$ -	\$ 22,350,723
Students with disabilities	7,013	617,272	10,390	-	-	634,675
Grants and contracts:						
State and local	24,707	55,955	11,313	-	-	91,975
Federal - Title and IDEA	235,377	569,248	141,774	-	-	946,399
Federal - other	43,278	11,224	11,869	-	-	66,371
Food service / Child nutrition program	190,563	370,186	176,122	-	-	736,871
NYC DoE Rental Assistance	-	3,242,232	976,957	-	-	4,219,189
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>5,971,803</u>	<u>18,414,787</u>	<u>4,659,613</u>	<u>-</u>	<u>-</u>	<u>29,046,203</u>
Expenses:						
Program:						
Regular education	3,175,209	9,194,638	5,750,196	1,297,782	(1,162,840)	18,254,985
Special education	1,379,619	2,050,183	989,872	308,309	(199,863)	4,528,120
TOTAL PROGRAM EXPENSES	<u>4,554,828</u>	<u>11,244,821</u>	<u>6,740,068</u>	<u>1,606,091</u>	<u>(1,362,703)</u>	<u>22,783,105</u>
Management and general	2,595,437	6,014,985	2,009,002	4,235,299	(5,948,610)	8,906,113
TOTAL OPERATING EXPENSES	<u>7,150,265</u>	<u>17,259,806</u>	<u>8,749,070</u>	<u>5,841,390</u>	<u>(7,311,313)</u>	<u>31,689,218</u>
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(1,178,462)	1,154,981	(4,089,457)	(5,841,390)	7,311,313	(2,643,015)
Support and other revenue:						
Contributions:						
Foundations	9,574	205,777	13,761	1,751,327	-	1,980,439
Individuals	-	-	-	15,000	-	15,000
Management fee income	-	-	-	5,494,375	(5,494,375)	-
Rental income	-	-	1,816,938	-	(1,816,938)	-
Investment income	6,712	-	-	73,915	-	80,627
Miscellaneous income	2,413	9,251	2,585	2,937	-	17,186
TOTAL SUPPORT AND OTHER REVENUE	<u>18,699</u>	<u>215,028</u>	<u>1,833,284</u>	<u>7,337,554</u>	<u>(7,311,313)</u>	<u>2,093,252</u>
CHANGE IN NET ASSETS	(1,159,763)	1,370,009	(2,256,173)	1,496,164	-	(549,763)
Net assets (deficiency) without donor restrictions at beginning of year	<u>9,335,998</u>	<u>9,204,615</u>	<u>(10,049,538)</u>	<u>353,410</u>	<u>-</u>	<u>8,844,485</u>
NET ASSETS (DEFICIENCY) WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 8,176,235</u>	<u>\$ 10,574,624</u>	<u>\$ (12,305,711)</u>	<u>\$ 1,849,574</u>	<u>\$ -</u>	<u>\$ 8,294,722</u>

AMBER CHARTER SCHOOL EAST HARLEM

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	9	\$ 140,190	\$ 39,420	\$ 179,610	\$ 718,439	\$ 898,049
Instructional personnel	28	1,535,156	772,806	2,307,962	-	2,307,962
Non-instructional personnel	<u>2</u>	<u>41,841</u>	<u>11,765</u>	<u>53,606</u>	-	<u>53,606</u>
Total salaries and staff	39	1,717,187	823,991	2,541,178	718,439	3,259,617
Fringe benefits and payroll taxes		420,486	201,770	622,256	175,923	798,179
Retirement		77,670	37,270	114,940	32,496	147,436
Professional development		312	88	400	-	400
Professional services		374,946	135,195	510,141	1,543,590	2,053,731
Travel and conference		2,706	1,298	4,004	1,132	5,136
Supplies / materials		81,871	23,021	104,892	-	104,892
Office expenses		1,686	474	2,160	8,639	10,799
Food service		70,880	34,012	104,892	29,655	134,547
Student services		87,750	-	87,750	-	87,750
Student and staff recruitment		1,951	549	2,500	-	2,500
Utilities		51,877	24,893	76,770	21,704	98,474
Insurance		2,229	1,069	3,298	932	4,230
Dues and subscriptions		3,969	1,905	5,874	1,661	7,535
Non-capitalized equipment and furnishings		1,128	541	1,669	472	2,141
Technology		1,360	382	1,742	193	1,935
Repairs and maintenance		21,059	10,105	31,164	8,811	39,975
Depreciation and amortization		195,182	54,883	250,065	27,785	277,850
Interest expense		55,527	26,645	82,172	23,232	105,404
Other		<u>5,433</u>	<u>1,528</u>	<u>6,961</u>	<u>773</u>	<u>7,734</u>
		<u>\$ 3,175,209</u>	<u>\$ 1,379,619</u>	<u>\$ 4,554,828</u>	<u>\$ 2,595,437</u>	<u>\$ 7,150,265</u>

AMBER CHARTER SCHOOL KINGSBRIDGE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	17	\$ 300,235	\$ 49,100	\$ 349,335	\$ 1,397,340	\$ 1,746,675
Instructional personnel	59	3,786,060	922,524	4,708,584	-	4,708,584
Non-instructional personnel	<u>2</u>	<u>100,516</u>	<u>16,438</u>	<u>116,954</u>	-	<u>116,954</u>
Total salaries and staff	78	4,186,811	988,062	5,174,873	1,397,340	6,572,213
Fringe benefits and payroll taxes		1,150,221	271,445	1,421,666	383,884	1,805,550
Retirement		184,225	43,476	227,701	61,485	289,186
Professional development		1,047	171	1,218	-	1,218
Professional services		789,339	152,397	941,736	3,369,654	4,311,390
Travel and conference		7,276	1,717	8,993	2,428	11,421
Supplies / materials		188,302	30,795	219,097	-	219,097
Office expenses		4,536	742	5,278	21,111	26,389
Food service		163,081	38,486	201,567	54,428	255,995
Student services		259,625	-	259,625	-	259,625
Student and staff recruitment		430	70	500	-	500
Utilities		8,531	2,013	10,544	2,847	13,391
Building and land rent/lease		2,065,214	487,378	2,552,592	689,262	3,241,854
Dues and subscriptions		6,848	1,616	8,464	2,286	10,750
Non-capitalized equipment and furnishings		1,190	281	1,471	397	1,868
Technology		3,801	622	4,423	491	4,914
Repairs and maintenance		30,097	7,103	37,200	10,045	47,245
Depreciation and amortization		139,407	22,799	162,206	18,023	180,229
Interest expense		3,428	809	4,237	1,144	5,381
Other		<u>1,229</u>	<u>201</u>	<u>1,430</u>	<u>160</u>	<u>1,590</u>
		<u>\$ 9,194,638</u>	<u>\$ 2,050,183</u>	<u>\$ 11,244,821</u>	<u>\$ 6,014,985</u>	<u>\$ 17,259,806</u>

AMBER CHARTER SCHOOL INWOOD

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	5	\$ 88,880	\$ 15,523	\$ 104,403	\$ 417,612	\$ 522,015
Instructional personnel	17	972,908	169,920	1,142,828	-	1,142,828
Non-instructional personnel	-	46,424	8,108	54,532	-	54,532
Total salaries and staff	22	1,108,212	193,551	1,301,763	417,612	1,719,375
Fringe benefits and payroll taxes		279,591	48,831	328,422	105,359	433,781
Retirement		41,814	7,303	49,117	15,757	64,874
Professional development		553	97	650	-	650
Professional services		764,181	133,466	897,647	191,504	1,089,151
Travel and conference		2,084	364	2,448	785	3,233
Supplies / materials		39,969	6,981	46,950	-	46,950
Office expenses		5,189	906	6,095	24,381	30,476
Food service		77,869	13,600	91,469	29,345	120,814
Student services		82,519	-	82,519	-	82,519
Student and staff recruitment		426	74	500	-	500
Utilities		9,738	1,701	11,439	3,669	15,108
Building and land rent/lease		3,170,961	553,815	3,724,776	1,194,926	4,919,702
Dues and subscriptions		4,721	825	5,546	1,779	7,325
Non-capitalized equipment and furnishings		1,255	219	1,474	473	1,947
Technology		2,367	413	2,780	309	3,089
Repairs and maintenance		9,675	1,690	11,365	3,646	15,011
Depreciation and amortization		147,790	25,812	173,602	19,289	192,891
Other		1,282	224	1,506	168	1,674
		<u>\$ 5,750,196</u>	<u>\$ 989,872</u>	<u>\$ 6,740,068</u>	<u>\$ 2,009,002</u>	<u>\$ 8,749,070</u>

AMBER SCHOOL SERVICES TEAM
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	28	\$ 509,589	\$ 117,100	\$ 626,689	\$ 2,506,753	\$ 3,133,442
Instructional personnel	-	66,985	21,605	88,590	-	88,590
Total salaries and staff	28	576,574	138,705	715,279	2,506,753	3,222,032
Fringe benefits and payroll taxes		159,765	38,434	198,199	694,607	892,806
Retirement		29,493	7,095	36,588	128,226	164,814
Professional development		75,920	17,446	93,366	-	93,366
Legal services		-	-	-	18,081	18,081
Accounting / audit		-	-	-	123,093	123,093
Professional services		107,495	25,696	133,191	401,388	534,579
Travel and conference		2,430	585	3,015	10,565	13,580
Supplies / materials		79,812	18,340	98,152	-	98,152
Office expenses		479	110	589	2,356	2,945
Food service		642	155	797	2,793	3,590
Student and staff recruitment		57,707	13,472	71,179	85,314	156,493
Utilities		1,633	393	2,026	7,099	9,125
Insurance		47,286	11,376	58,662	205,586	264,248
Dues and subscriptions		6,570	1,580	8,150	28,562	36,712
Non-capitalized equipment and furnishings		26	6	32	112	144
Technology		125,653	28,874	154,527	17,170	171,697
Depreciation and amortization		12,069	2,773	14,842	1,649	16,491
Other		14,228	3,269	17,497	1,945	19,442
		<u>\$ 1,297,782</u>	<u>\$ 308,309</u>	<u>\$ 1,606,091</u>	<u>\$ 4,235,299</u>	<u>\$ 5,841,390</u>

AMBER CHARTER SCHOOLS AND AFFILIATES

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Amber Charter Schools and Affiliates

We have audited, 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, the consolidated financial statements of Amber Charter Schools and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2025 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 and have issued our report thereon dated October 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amber Charter Schools and Affiliates' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 10, 2025