

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

ALBANY, NEW YORK

AUDITED 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
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
KIPP Capital Region Public Charter Schools

Report on the Financial Statements

Opinion

We have audited the financial statements of KIPP Capital Region Public Charter Schools (the "Charter School") which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of KIPP Capital Region Public Charter Schools as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 KIPP Capital Region Public Charter Schools 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal 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 KIPP Capital Region Public Charter Schools' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KIPP Capital Region Public Charter Schools' 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 the KIPP Capital Region Public Charter Schools' June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 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 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 28, 2025 on our consideration of KIPP Capital Region Public Charter Schools' 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 solely 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 the effectiveness of 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 KIPP Capital Region Public Charter Schools' internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 28, 2025

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

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 and cash equivalents	\$ 15,650,335	\$ 12,831,572
Grants and contracts receivable	2,823,868	7,464,157
Accounts receivable, net of allowance for credit losses of \$185,000 and \$25,000 respectively	831,519	311,646
Prepaid expenses	284,617	405,904
Inventory	53,162	67,362
TOTAL CURRENT ASSETS	<u>19,643,501</u>	<u>21,080,641</u>
<u>PROPERTY AND EQUIPMENT, net</u>	70,195,209	37,032,321
<u>OTHER ASSETS</u>		
Restricted cash	13,001,379	44,950,313
Cash designated by Board for operating reserve	397,773	374,033
Cash in escrow	175,335	175,335
TOTAL ASSETS	<u>\$ 103,413,197</u>	<u>\$ 103,612,643</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of long-term debt	\$ 452,957	\$ 430,911
Accounts payable and accrued expenses	3,548,053	3,365,475
Accrued payroll and benefits	1,224,265	1,129,083
TOTAL CURRENT LIABILITIES	<u>5,225,275</u>	<u>4,925,469</u>
<u>OTHER LIABILITIES</u>		
Long-term debt including loan premium of \$3,862,281 and \$4,014,239, net of loan issuance costs of \$2,188,634 and \$2,248,478, and loan discount of \$579,164 and \$597,897, respectively	73,492,985	74,019,323
TOTAL LIABILITIES	<u>78,718,260</u>	<u>78,944,792</u>
<u>NET ASSETS</u>		
Without donor restrictions	24,675,129	24,624,216
With donor restrictions	19,808	43,635
TOTAL NET ASSETS	<u>24,694,937</u>	<u>24,667,851</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 103,413,197</u>	<u>\$ 103,612,643</u>

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

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Without donor restrictions	With donor restrictions	Year ended June 30,	
			<u>2025</u>	<u>2024</u>
			<u>Total</u>	<u>Total</u>
Operating revenue and support:				
Public School District:				
Resident student enrollment	\$ 38,476,195	\$ -	\$ 38,476,195	\$ 36,363,014
Students with disabilities	1,175,904	-	1,175,904	1,167,502
Grants and contracts:				
Federal - Title and IDEA	1,172,921	-	1,172,921	1,283,293
Federal - Other	1,585,210	-	1,585,210	4,820,106
Foundation grant	737,134	-	737,134	144,876
Food service / Child Nutrition Program	<u>2,555,344</u>	-	<u>2,555,344</u>	<u>2,521,094</u>
TOTAL OPERATING REVENUE AND SUPPORT	45,702,708	-	45,702,708	46,299,885
Expenses:				
Program services:				
Regular education	36,977,961	-	36,977,961	35,714,569
Special education	2,751,913	-	2,751,913	3,108,157
Management and general	<u>6,921,523</u>	-	<u>6,921,523</u>	<u>7,997,431</u>
TOTAL EXPENSES	<u>46,651,397</u>	-	<u>46,651,397</u>	<u>46,820,157</u>
DEFICIT FROM SCHOOL OPERATIONS	(948,689)	-	(948,689)	(520,272)
Other income:				
Contributions:				
Individual	14,219	-	14,219	62,504
Interest income	738,242	-	738,242	761,670
Other income	223,314	-	223,314	305,496
Net assets released from restriction	<u>23,827</u>	<u>(23,827)</u>	-	-
	<u>999,602</u>	<u>(23,827)</u>	<u>975,775</u>	<u>1,129,670</u>
CHANGE IN NET ASSETS	50,913	(23,827)	27,086	609,398
Net assets at beginning of year	<u>24,624,216</u>	<u>43,635</u>	<u>24,667,851</u>	<u>24,058,453</u>
NET ASSETS AT END OF YEAR	<u>\$ 24,675,129</u>	<u>\$ 19,808</u>	<u>\$ 24,694,937</u>	<u>\$ 24,667,851</u>

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

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

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

	No. of Positions	Year ended June 30,					
		2025			2024		
		Regular Education	Special Education	Sub-total	Supporting Services Management and General	Total	Total
Personnel services costs:							
Administrative staff personnel	102	\$ 7,572,763	\$ 530,893	\$ 8,103,656	\$ 1,501,522	\$ 9,605,178	11,941,189
Instructional personnel	172	13,102,192	1,138,218	14,240,410	-	14,240,410	12,092,021
Non-instructional personnel	48	-	-	-	897,473	897,473	943,808
Total salaries and staff	322	20,674,955	1,669,111	22,344,066	2,398,995	24,743,061	24,977,018
Fringe benefits and payroll taxes		3,167,470	221,392	3,388,862	2,501,508	5,890,370	5,731,448
Retirement		366,314	25,585	391,899	288,752	680,651	909,620
Staff development		934,888	62,447	997,335	24,370	1,021,705	1,092,928
Supplies / Materials		624,216	44,458	668,674	-	668,674	744,242
Food services		1,066,002	-	1,066,002	-	1,066,002	1,053,564
Legal services		-	-	-	89,222	89,222	88,355
Accounting services		-	-	-	102,800	102,800	133,400
Other Purchased / Professional / Consulting Services		1,196,171	87,181	1,283,352	3,524	1,286,876	1,855,273
Office expense		74,837	6,027	80,864	155,744	236,608	352,934
Depreciation and amortization		1,443,150	105,392	1,548,542	172,061	1,720,603	2,058,902
Utilities		517,460	38,762	556,222	61,803	618,025	612,718
Equipment / Furnishings		241,621	16,173	257,794	61,327	319,121	210,580
Repairs and maintenance		1,370,494	109,121	1,479,615	164,402	1,644,017	1,614,659
Insurance		315,373	21,580	336,953	248,140	585,093	593,545
Interest		986,985	55,307	1,042,292	115,810	1,158,102	1,125,131
Marketing / Recruitment		322,767	21,480	344,247	-	344,247	231,049
Student services		2,472,141	181,979	2,654,120	229,577	2,883,697	2,371,434
Credit loss expense		-	-	-	104,909	104,909	27,824
Dues and subscriptions		1,170,187	83,757	1,253,944	177,074	1,431,018	1,028,685
Other		32,930	2,161	35,091	21,505	56,596	6,848
		<u>\$ 36,977,961</u>	<u>\$ 2,751,913</u>	<u>\$ 39,729,874</u>	<u>\$ 6,921,523</u>	<u>\$ 46,651,397</u>	<u>\$ 46,820,157</u>

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

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

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

	Year ended June 30,	
	2025	2024
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 27,086	\$ 609,398
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Credit loss expense	104,909	27,824
Depreciation and amortization	1,720,603	2,058,902
Loan premium accretion reducing interest expense	(133,225)	(151,958)
Amortization of loan issuance costs included in interest expense	59,844	10,391
Interest income on restricted bond proceeds increasing restricted cash	-	(84,721)
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	4,640,289	(1,467,669)
Accounts receivable	(624,782)	377,257
Prepaid expenses	121,287	(170,776)
Inventory	14,200	8,476
Accounts payable and accrued expenses	(959,463)	(37,217)
Accrued payroll and benefits	95,182	(12,653)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	5,065,930	1,167,254
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(33,740,581)	(3,784,615)
NET CASH USED FOR INVESTING ACTIVITIES	(33,740,581)	(3,784,615)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on long-term debt, net of \$597,897 of discount	-	49,507,103
Bond issuance costs paid	-	(1,973,962)
Repayments of long-term debt	(430,911)	(3,662,142)
NET CASH (USED FOR) PROVIDED FROM FINANCING ACTIVITIES	(430,911)	43,870,999
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(29,105,562)	41,253,638
Cash, cash equivalents, and restricted cash at beginning of year	58,331,253	17,077,615
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 29,225,691	\$ 58,331,253

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

STATEMENT OF CASH FLOWS, Cont'd

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

	Year ended June 30,	
	2025	2024
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 15,650,335	\$ 12,831,572
Restricted cash	13,001,379	44,950,313
Cash designated by Board for operating reserve	397,773	374,033
Cash in escrow	175,335	175,335
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 29,224,822	\$ 58,331,253
Cash paid during the year for interest	\$ 1,149,082	\$ 1,292,442
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchase of property and equipment through accounts payable	\$ 1,906,277	\$ 1,602,417
Capitalized interest due to bond payable included in accrued interest and property and equipment	\$ 2,295,096	\$ 112,804
Capitalized amortization expense of bond acquisition costs included in accrued interest and property and equipment	\$ 46,485	\$ 3,874
Capitalized amortization expense of bond discount added to property and equipment	\$ 17,609	\$ 1,467

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

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

KIPP Capital Region Public Charter Schools (the “Charter School”) is an education corporation that operate as charter schools in the Capital Region of New York.

The Charter School is comprised of KIPP Albany Community Charter Schools (“KIPP ACCS”), KIPP Tech Valley Charter School (“KIPP Tech Valley”), and KIPP Troy Prep Charter School (“KIPP Troy Prep”). Effective July 1, 2020, ACCS merged with KIPP Tech Valley, with KIPP Tech Valley being the surviving education corporation under the amended name KIPP Albany Community Public Charter Schools. Effective July 1, 2022, KIPP Albany Community Public Charter Schools merged with True North Troy Preparatory Charter School, renamed KIPP Troy Prep Charter School, with KIPP Albany Community Public Charter Schools being the surviving education corporation, under the amended name KIPP Capital Region Public Charter Schools. The financial statements for the years ended June 30, 2025 and 2024 include all three schools; KIPP Tech Valley Charter School, KIPP Albany Community Charter Schools and KIPP Troy Preparatory Charter School.

KIPP ACCS was organized in 2006 to operate a charter school for grades K-5, pursuant to Article 56 of the New York State Education Law and in accordance with related charter agreements with the Board of Regents of the University of the State of New York. In January 2012, KIPP ACCS received approval to modify its charter renewal and add a middle school program to its existing elementary school program, adding grades 6 through 8 in subsequent years through June 30, 2017. A charter renewal was granted in 2016 and again in 2021, extending the school’s operations for an additional five years, expiring in July 2026.

KIPP Tech Valley was organized in 2004 to operate a charter school for grades 5 through 8, pursuant to Article 56 of the New York State Education Law and in accordance with related charter agreements with the Board of Regents of the University of the State of New York. In 2015, KIPP Tech Valley received approval to modify its charter to include kindergarten through grade 4. A charter renewal was granted in 2010, 2015, 2020 and 2025 extending the School’s operations for an additional five years, expiring June 30, 2030.

KIPP Troy Prep was organized in 2008 to operate a charter school for grades K-12, pursuant to Article 56 of the New York State Education Law and in accordance with related charter agreements with the Board of Regents of the University of the State of New York. During the year ended June 30, 2019, the charter was approved for a full term renewal for a period of five years to commence August 1, 2019. In October 2023, the charter was approved for a full term renewal for a period of five years, expiring July 31, 2029.

The Charter School is governed by a Board of Trustees in accordance with the Charter School’s by-laws. The Charter School is a member of Knowledge is Power Program (KIPP) a network of nationally recognized private sector schools through a trademark license agreement with the KIPP Foundation. KIPP provides support and member services to the Charter School to assist the Charter School in fulfilling its mission of preparing all students for future opportunities.

Basis of accounting

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

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL 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 Charter School, the accounts of the Charter School 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 Charter School.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restrictions were \$19,808 and \$43,635 at June 30, 2025 and 2024, respectively.

Revenue recognition

Revenue from Exchange Transactions: The Charter School 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 Charter School records substantially all revenues over time as follows:

State and local per pupil revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil 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 Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Contract balances consisted of \$831,519, net of allowances, \$311,646, net of allowances, and \$716,727, net of allowances of accounts receivable at June 30, 2025, 2024 and 2023, respectively.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor-imposed restrictions. The Charter School reports grants of cash and other assets as restricted support if they are received with stipulations that limit their use. When a restriction expires, that is, when a stipulated time or purpose restriction is accomplished, donor restricted net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. The Charter School reports restricted grants as without donor restriction support whenever the restrictions are met in the same year the grants are received.

Grant revenue

Some of the Charter School'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 Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position.

Cash and cash equivalents

Cash and cash equivalents balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. Cash equivalents include all highly liquid instruments with maturities of three months or less when acquired. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreements. The amount in escrow was \$175,335 at June 30, 2025 and 2024. The agreement requires a balance be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve.

Grants, contracts and accounts receivables

At each fiscal year end, the Charter School 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 Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were write-offs for the years ended June 30, 2025 and 2024 of approximately \$105,000 and \$27,800, respectively. Management has recorded an allowance of \$185,000 and \$25,000 as of June 30, 2025 and 2024, respectively.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Inventory

Inventory consists of student uniforms and clothing available for use in the Charter School's everyday operation. The inventory is stated at the lower of cost (on a first-in, first-out basis) or net realizable value and is based on a physical inventory taken by management at 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 forty years.

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

Contributed services

The Charter School 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. The Charter School received donated services from unpaid volunteers who assisted in fundraising, office administration and program activities. The Charter School was unable to determine a value for these services. In addition, the Charter School received donated transportation and other services from the local school district as part of their responsibilities to the students residing in their district.

Tax exempt status

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

The Charter School files tax returns in various jurisdictions and is subject to potential examination by taxing authorities. The Charter School's current and prior three years tax returns remain subject to review by taxing authorities. Management of the Charter School believes it has no material uncertain tax positions and, accordingly, it has not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruitment costs approximated \$344,000 and \$231,000 for the years ended June 30, 2025 and 2024, respectively.

In-kind contributions

Gifts and donations other than cash are recorded at fair market value at the date of contribution. There were no in-kind contributions received for the years ended June 30, 2025 and 2024.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Use of estimates in the preparation of financial statements

The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for year ended June 30, 2024

The financial statements include certain prior year summarized comparative information in total but not by net asset class or 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 Charter School's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 28, 2025, which is the date the financial statements are available to be issued. See Note D.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE B: LIQUIDITY AND AVAILABILITY

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

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School 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 Charter School operates with a surplus 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 Charter School's cash and shows positive cash generated by operations for fiscal year 2025 and 2024.

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 at June 30, 2025 and 2024:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 15,650,335	\$ 12,831,572
Grants and contracts receivable	2,823,868	7,464,157
Accounts receivable, net	<u>831,519</u>	<u>311,646</u>
Total financial assets available to management within one year	19,305,722	20,607,375
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Donor restrictions	<u>(19,808)</u>	<u>(43,635)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 19,285,914</u>	<u>\$ 20,563,740</u>

The Charter School has a line of credit with a maximum borrowings of \$1,500,000 which they could draw upon in the event of unanticipated liquidity needs. At June 30, 2025 and 2024, no amount was outstanding on this line.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE C: NET ASSETS

At June 30, 2025 and 2024, net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Undesignated	\$ 11,743,593	\$ 13,301,441
Cash designated by Board for operating reserve	397,773	374,033
Invested in property and equipment and restricted cash, net of related debt excluding premium and discount	<u>12,533,763</u>	<u>10,948,742</u>
	<u>\$ 24,675,129</u>	<u>\$ 24,624,216</u>

At June 30, 2025 and 2024, net assets with donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
KIPP Foundation - Rebranding	\$ -	\$ 3,745
KeyBank - High dosage tutoring	4,918	25,000
3M Life Science Grant	<u>14,890</u>	<u>14,890</u>
	<u>\$ 19,808</u>	<u>\$ 43,635</u>

NOTE D: PROPERTY AND EQUIPMENT

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

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 3,567,025	\$ 3,567,025
Buildings and improvements	35,046,997	34,943,179
Furniture and equipment	7,699,606	7,158,427
Construction in progress	<u>39,114,941</u>	<u>4,876,447</u>
	85,428,569	50,545,078
Less accumulated depreciation and amortization	<u>15,233,360</u>	<u>13,512,757</u>
	<u>\$ 70,195,209</u>	<u>\$ 37,032,321</u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$1,720,603 and \$2,058,902, respectively.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: PROPERTY AND EQUIPMENT, Cont'd

Construction in progress at June 30, 2025 and 2024 is comprised of building construction for the Charter School's permanent high school space which was completed in July 2025. No additional costs are anticipated. No provision for depreciation is made on construction in progress until such time as the relevant assets are complete and put into service which occurred in July 2025.

The Charter School capitalizes interest costs, interest income earned on restricted funds and amortization incurred on funds used to construct property and equipment. The capitalized interest and amortization is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Interest cost capitalized was approximately \$2,295,000 and \$112,800 during the years ended June 30, 2025 and 2024, respectively. Amortization of bond issuance costs and bond discount that was capitalized was approximately \$64,100 and \$5,300 during the years ended June 30, 2025 and 2024, respectively. Interest revenue capitalized was approximately \$1,320,000 and \$84,700 during the years ended June 30, 2025 and 2024, respectively.

NOTE E: 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 Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE F: CONCENTRATIONS

At June 30, 2025 and 2024, approximately 100% of grants and contracts receivable were due from federal agencies relating to certain grants. In addition, 80% and 74% of gross accounts receivable is due from three school districts at June 30, 2025 and 2024, respectively.

For the years ended June 30, 2025 and 2024, approximately 88% and 81%, 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 School's students are located.

NOTE G: LINE OF CREDIT

The Charter School has available \$1,500,000 of a line of credit with a bank, with interest at prime plus 2% with a 3.25% floor (an effective rate of 9.50% at June 30, 2025). There were no borrowings outstanding on this line at June 30, 2025 or 2024.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE H: LONG-TERM DEBT

On December 1, 2020, the Charter School obtained financing of \$24,537,152 from Equitable Facilities Fund, Inc. ("Fund"). In order to facilitate this refinance, the Fund issued a bond, Obligation #1. The proceeds from the bond issuance were loaned to the Charter School. The loan requires monthly payments including interest at a coupon rate of 5% and are secured by mortgages on the buildings.

Unaccreted loan premium related to the issuance of Obligation #1 was \$3,862,281 and \$4,014,239 at June 30, 2025 and 2024, respectively. The unaccreted premium costs are accreted over the term of the indebtedness of the total amount issued and are included in loan payable in the statement of financial position. Debt issuance costs, net of accumulated amortization total \$264,124 and \$274,516 as of June 30, 2025 and 2024, respectively, and are recorded as a reduction in loan payable on the accompanying statement of financial position.

In 2024, the Charter School entered into a development agreement with a developer for construction of a facility that will serve as the permanent location for the high school of the Charter School. The total project cost is estimated to be approximately \$39,115,000.

On June 1, 2024, the Charter School obtained financing of \$50,105,000 from The City of Albany Capital Resource Corporation. In order to facilitate this financing, the Corporation issued a bond, Series 2024. The proceeds from the bond issuance were loaned to the Charter School. The loan requires payments of interest only on the Series 2024 Bonds through June 2029, then principal and interest payments through maturity (June 2064).

The proceeds from the loan are to be used for: (a) construct, furnish and equip an approximately 98,185 square foot building located on a 10.38 acre parcel of land located at 400 Northern Boulevard and 10 Dudley Heights, Albany, New York to serve as the new site of the new high school for the Charter School's educational programs, (b) fund a capitalized interest and debt service reserve fund; (c) refinance the existing loan of the Charter School to Troy Prep Foundation discussed below, and (d) pay certain costs and expenses associated with the issuance of the Series 2024 Bonds. The Charter School's obligations under the Loan Agreement will be secured by the Mortgage in favor of the Trustee.

Unamortized loan discount related to the issuance of Series 2024 Bonds was \$579,164 and \$597,897 at June 30, 2025 and 2024, respectively. The unamortized discount is amortized over the term of the indebtedness of the total amount issued and are included in loan payable in the statement of financial position. Debt issuance costs, net of accumulated amortization total \$1,924,510 and \$1,973,962 as of June 30, 2025 and 2024, respectively, and are recorded as a reduction in loan payable on the accompanying statement of financial position.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE H: LONG-TERM DEBT, Cont'd

The loans payable described above consists of the following at June 30, 2025 and 2024:

	<u>Obligation #1</u>	<u>Series 2024</u>	<u>Total</u>
<u>At June 30, 2025</u>			
Principal amount	\$ 22,746,459	\$ 50,105,000	\$ 72,851,459
Add: unaccreted loan premium	3,862,281	-	3,862,281
Less: unamortized loan discount	-	(579,164)	(579,164)
Less: debt issuance costs, net of accumulated amortization	<u>(264,124)</u>	<u>(1,924,510)</u>	<u>(2,188,634)</u>
	26,344,616	47,601,326	73,945,942
Less: current portion of loan payable	<u>(452,957)</u>	-	<u>(452,957)</u>
	<u>\$ 25,891,659</u>	<u>\$ 47,601,326</u>	<u>\$ 73,492,985</u>
 <u>At June 30, 2024</u>			
Principal amount	\$ 23,177,370	\$ 50,105,000	\$ 73,282,370
Add: unaccreted loan premium	4,014,239	-	4,014,239
Less: unamortized loan discount	-	(597,897)	(597,897)
Less: debt issuance costs, net of accumulated amortization	<u>(274,516)</u>	<u>(1,973,962)</u>	<u>(2,248,478)</u>
	26,917,093	47,533,141	74,450,234
Less: current portion of loan payable	<u>(430,911)</u>	-	<u>(430,911)</u>
	<u>\$ 26,486,182</u>	<u>\$ 47,533,141</u>	<u>\$ 74,019,323</u>

Debt issuance costs consist of the following at June 30, 2025 and 2024:

	<u>Obligation #1</u>	<u>Series 2024</u>	<u>Total</u>
<u>At June 30, 2025</u>			
Debt issuance costs	\$ 311,753	\$ 1,978,083	\$ 2,289,836
Less: accumulated amortization	<u>47,629</u>	<u>53,573</u>	<u>101,202</u>
	<u>\$ 264,124</u>	<u>\$ 1,924,510</u>	<u>\$ 2,188,634</u>
 <u>At June 30, 2024</u>			
Debt issuance costs	\$ 311,753	\$ 1,978,083	\$ 2,289,836
Less: accumulated amortization	<u>37,237</u>	<u>4,121</u>	<u>41,358</u>
	<u>\$ 274,516</u>	<u>\$ 1,973,962</u>	<u>\$ 2,248,478</u>

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE H: LONG-TERM DEBT, Cont'd

The aggregate amount of principal payments subsequent to June 30, 2025 are approximately as follows:

<u>Year ending June 30,</u>	<u>Obligation #1</u>	<u>Series 2024</u>	<u>Total</u>
2026	\$ 452,957	\$ -	\$ 452,957
2027	476,131	-	476,131
2028	500,491	-	500,491
2029	526,097	-	526,097
2030	553,013	-	553,013
Thereafter	<u>20,237,770</u>	<u>50,105,000</u>	<u>70,342,770</u>
	<u>\$ 22,746,459</u>	<u>\$ 50,105,000</u>	<u>\$ 72,851,459</u>

In connection with the loans payable, the Charter School is required to maintain certain financial covenants. At June 30, 2025, the Charter School was in compliance with these covenants.

In addition, on March 29, 2023, the Charter School obtained financing of \$3,323,738 from Troy Prep Foundation, Inc. to finance the purchase of a building. The loan required monthly payments of \$32,094, which was based on a ten year amortization schedule, including interest of 3% and was secured by the building. The original maturity date was July 1, 2025. The Charter School could exercise its right to extend the original maturity date to July 1, 2026 with interest at the greater of prime or 4% from July 1, 2025 through October 31, 2025 and interest at the greater of prime plus 2% or 4.5% from November 1, 2025 through July 1, 2026. This loan was repaid in full in June 2024 with part of the proceeds from the loan payable disclosed above.

NOTE I: RESTRICTED CASH

Restricted cash includes amounts the Charter School is required to segregate in connection with the issuance of the Revenue Bonds Series 2024, as described in Note H. At June 30, 2025 and 2024, restricted cash consists of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
(A) Repair and replacement fund	\$ 100,000	\$ 100,000
(B) Project fund	10,901,396	42,850,330
(C) Debt service reserve fund	<u>1,999,983</u>	<u>1,999,983</u>
	<u>\$ 13,001,379</u>	<u>\$ 44,950,313</u>

- (A) The repair and replacement fund was created for the funding of repairs and replacements for the initial project facility. This amount was funded June 30, 2025.
- (B) The project fund was created for the purpose of disbursing payments for project costs. Included in the project fund are capitalized interest funds for the Series 2024 Bonds.
- (C) The debt service reserve fund was created for the payment of principal and interest on the Series 2024 Bonds to the extent revenues of the Charter School are insufficient to make such payments.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE J: RETIREMENT PLAN

The Charter School has a 403(b) tax-deferred annuity retirement plan, which is funded by contributions from both the Charter School and its employees. During the years ended June 30, 2025 and 2024, employer contributions totaled \$680,651 and \$909,620, respectively.

NOTE K: 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 Charter School has recognized \$12,214 and \$2,712,223 of revenue relative to ESSER grants during the years ended June 30, 2025 and 2024, respectively.

NOTE L: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE M: RENEWAL PROCESS

KIPP ACCS is currently in the process of renewing its charter as granted by The New York State Board of Regents. The Charter currently expires July 31, 2026. The renewal process includes review by New York State Department of Education (NYSED) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. The Charter School is in the process of submitting its application for renewal. Upon review of the application and results, the NYSED will determine if the charter school will 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 School expects the charter to be renewed.

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

OTHER FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
KIPP Capital Region Public Charter Schools

We have audited the financial statements of KIPP Capital Region Public Charter Schools as of and for the year ended June 30, 2025, and we have issued our report thereon dated October 28, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The 2025 other financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements for the year ended June 30, 2025, as a whole.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 28, 2025

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

STATEMENT OF ACTIVITIES BY CHARTER

YEAR ENDED JUNE 30, 2025

	<u>KIPP Tech Valley Charter School</u>	<u>Albany Community Charter School</u>	<u>KIPP Troy Prep Charter School</u>	<u>Total</u>
Operating revenue and support:				
Public School District:				
Resident student enrollment	\$ 14,387,407	\$ 11,856,870	\$ 12,231,918	\$ 38,476,195
Students with disabilities	371,294	256,681	547,929	1,175,904
Grants and contracts				
Federal - Title and IDEA	445,311	374,276	353,334	1,172,921
Federal - Other	66,643	57,388	1,616,402	1,740,433
Foundation grant	265,368	228,512	243,254	737,134
Food service / Child Nutrition Program	<u>919,924</u>	<u>792,157</u>	<u>843,264</u>	<u>2,555,344</u>
TOTAL OPERATING REVENUE AND SUPPORT	16,455,947	13,565,884	15,836,101	45,857,931
Expenses:				
Program services:				
Regular education	13,479,010	11,400,048	12,098,903	36,977,961
Special education	1,198,979	640,388	912,546	2,751,913
Management and general	<u>2,449,584</u>	<u>2,050,183</u>	<u>2,421,756</u>	<u>6,921,523</u>
TOTAL EXPENSES	<u>17,127,573</u>	<u>14,090,619</u>	<u>15,433,205</u>	<u>46,651,397</u>
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	<u>(671,626)</u>	<u>(524,735)</u>	<u>402,896</u>	<u>(793,466)</u>
Other income:				
Contributions:				
Individual	5,119	4,408	4,692	14,219
Interest income	265,767	228,855	243,620	738,242
Other income	<u>24,513</u>	<u>21,108</u>	<u>22,470</u>	<u>68,091</u>
TOTAL OTHER INCOME	<u>295,399</u>	<u>254,371</u>	<u>270,782</u>	<u>820,552</u>
CHANGE IN NET ASSETS	<u>\$ (376,227)</u>	<u>\$ (270,364)</u>	<u>\$ 673,678</u>	<u>\$ 27,086</u>

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – KIPP TECH VALLEY CHARTER SCHOOL

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	38	\$ 2,699,852	\$ 162,164	\$ 2,862,016	\$ 515,457	\$ 3,377,473
Instructional personnel	63	4,633,352	688,267	5,321,619	-	5,321,619
Non-instructional personnel	18	-	-	-	327,035	327,035
Total salaries and staff	119	7,333,204	850,431	8,183,635	842,492	9,026,127
Fringe benefits and payroll taxes		1,175,769	70,622	1,246,391	867,643	2,114,034
Retirement		144,599	8,685	153,284	106,705	259,989
Staff development		312,749	18,785	331,534	5,700	337,234
Supplies / Materials		198,339	11,913	210,252	-	210,252
Food services		387,185	-	387,185	-	387,185
Legal services		-	-	-	32,512	32,512
Accounting services		-	-	-	37,460	37,460
Other Purchased / Professional / Consulting Services		365,029	21,925	386,954	1,284	388,238
Office expense		4,940	292	5,232	49,796	55,028
Depreciation and amortization		560,871	32,992	593,863	65,985	659,848
Utilities		166,914	9,818	176,732	19,637	196,369
Equipment / Furnishings		88,872	5,331	94,203	21,344	115,547
Repairs and maintenance		462,542	27,208	489,750	54,417	544,167
Insurance		121,510	7,298	128,808	89,666	218,474
Interest		519,030	30,531	549,561	61,062	610,623
Marketing / Recruitment		90,365	5,428	95,793	-	95,793
Student services		1,119,315	72,330	1,191,645	83,657	1,275,302
Credit loss expense		-	-	-	38,228	38,228
Dues and subscriptions		416,651	24,722	441,373	62,990	504,363
Other		11,126	668	11,794	9,006	20,800
		<u>\$ 13,479,010</u>	<u>\$ 1,198,979</u>	<u>\$ 14,677,989</u>	<u>\$ 2,449,584</u>	<u>\$ 17,127,573</u>

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – KIPP ALBANY COMMUNITY CHARTER SCHOOL

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	\$ 2,227,754	\$ 109,273	\$ 2,337,027	\$ 431,502	\$ 2,768,529
Instructional personnel	52	3,814,633	269,537	4,084,170	-	4,084,170
Non-instructional personnel	13	-	-	-	278,090	278,090
Total salaries and staff	93	6,042,387	378,810	6,421,197	709,592	7,130,789
Fringe benefits and payroll taxes		909,343	44,604	953,947	711,605	1,665,552
Retirement		98,860	4,849	103,709	77,363	181,072
Staff development		354,073	17,368	371,441	11,457	382,898
Supplies / Materials		188,192	9,231	197,423	-	197,423
Food services		330,182	-	330,182	-	330,182
Legal services		-	-	-	27,646	27,646
Accounting services		-	-	-	31,853	31,853
Other Purchased / Professional / Consulting Services		331,757	16,273	348,030	1,092	349,122
Office expense		36,927	1,728	38,655	42,945	81,600
Depreciation and amortization		482,689	22,451	505,140	56,127	561,267
Utilities		189,516	8,815	198,331	22,037	220,368
Equipment / Furnishings		86,062	4,220	90,282	18,450	108,732
Repairs and maintenance		402,370	18,715	421,085	46,787	467,872
Insurance		96,532	4,735	101,267	75,541	176,808
Interest		428,646	19,937	448,583	49,843	498,426
Marketing / Recruitment		137,526	6,746	144,272	-	144,272
Student services		869,811	62,179	931,990	71,136	1,003,126
Credit loss expense		-	-	-	32,507	32,507
Dues and subscriptions		401,927	19,077	421,004	58,131	479,135
Other		13,248	650	13,898	6,071	19,969
		<u>\$ 11,400,048</u>	<u>\$ 640,388</u>	<u>\$ 12,040,436</u>	<u>\$ 2,050,183</u>	<u>\$ 14,090,619</u>

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – KIPP TROY PREP CHARTER SCHOOL

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	36	\$ 2,645,157	\$ 259,456	\$ 2,904,613	\$ 554,563	\$ 3,459,176
Instructional personnel	57	4,654,207	180,414	4,834,621	-	4,834,621
Non-instructional personnel	17	-	-	-	292,348	292,348
Total salaries and staff	110	7,299,364	439,870	7,739,234	846,911	8,586,145
Fringe benefits and payroll taxes		1,082,358	106,166	1,188,524	922,260	2,110,784
Retirement		122,855	12,051	134,906	104,684	239,590
Staff development		268,066	26,294	294,360	7,213	301,573
Supplies / Materials		237,685	23,314	260,999	-	260,999
Food services		348,635	-	348,635	-	348,635
Legal services		-	-	-	29,064	29,064
Accounting services		-	-	-	33,487	33,487
Other Purchased / Professional / Consulting Services		499,385	48,983	548,368	1,148	549,516
Office expense		32,970	4,007	36,977	63,003	99,980
Depreciation and amortization		399,590	49,949	449,539	49,949	499,488
Utilities		161,030	20,129	181,159	20,129	201,288
Equipment / Furnishings		66,687	6,622	73,309	21,533	94,842
Repairs and maintenance		505,582	63,198	568,780	63,198	631,978
Insurance		97,331	9,547	106,878	82,933	189,811
Interest		39,309	4,839	44,148	4,905	49,053
Marketing / Recruitment		94,876	9,306	104,182	-	104,182
Student services		483,015	47,470	530,485	74,784	605,269
Credit loss expense		-	-	-	34,174	34,174
Dues and subscriptions		351,609	39,958	391,567	55,953	447,520
Other		8,556	843	9,399	6,428	15,827
		<u>\$ 12,098,903</u>	<u>\$ 912,546</u>	<u>\$ 13,011,449</u>	<u>\$ 2,421,756</u>	<u>\$ 15,433,205</u>

KIPP CAPITAL REGION PUBLIC CHARTER SCHOOLS

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
KIPP Capital Region Public Charter Schools

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 financial statements of KIPP Capital Region Public Charter Schools, which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated October 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KIPP Capital Region Public Charter Schools' 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of KIPP Capital Region Public Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of KIPP Capital Region Public Charter Schools' 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KIPP Capital Region Public Charter Schools' 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 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, Baw & Co. LLP

Rochester, New York
October 28, 2025