

PUBLIC PREP CHARTER SCHOOL ACADEMIES

BRONX, 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
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Public Prep Charter School Academies

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Public Prep Charter School Academies (the "Organization"), 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Public Prep Charter School Academies as of June 30, 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 Consolidated Financial Statements section of our report. We are required to be independent of Public Prep Charter School Academies 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, and for 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 Public Prep Charter School Academies' 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 Public Prep Charter School Academies' 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 Public Prep Charter School Academies' 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 Public Prep Charter School Academies' consolidated financial statements as of and for the year ended June 30, 2024, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 1, 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 31, 2025 on our consideration of Public Prep Charter School Academies' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Prep Charter School Academies' internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 31, 2025

PUBLIC PREP CHARTER SCHOOL ACADEMIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025
(With Comparative Totals for 2024)

<u>ASSETS</u>	June 30,	
	2025	2024
<u>CURRENT ASSETS</u>		
Cash	\$ 4,465,696	\$ 3,866,116
Certificates of deposit	6,796,807	6,465,486
Grants and contracts receivable	2,314,271	7,862,659
Property tax refund receivable	950,280	950,280
Prepaid expenses and other current assets	374,561	831,083
TOTAL CURRENT ASSETS	14,901,615	19,975,624
<u>OTHER ASSETS</u>		
Property and equipment, net	17,423,345	17,512,160
Related party receivables, net	-	1,752,726
Right-of-use assets - finance	706,660	939,419
Right-of-use assets - operating	142,290,093	54,338,668
Security deposits	991,545	942,391
Cash in escrow	326,502	250,576
Restricted cash	1,339,934	1,267,416
	163,078,079	77,003,356
TOTAL ASSETS	\$ 177,979,694	\$ 96,978,980

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

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

<u>LIABILITIES AND NET ASSETS</u>	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,806,776	\$ 3,780,596
Accrued payroll and benefits	2,251,399	1,807,174
Current portion of long-term debt	155,873	150,219
Current portion of lease liabilities - finance	272,054	296,525
Current portion of lease liabilities - operating	<u>55,399</u>	<u>756,001</u>
TOTAL CURRENT LIABILITIES	4,541,501	6,790,515
<u>LONG-TERM LIABILITIES</u>		
Long-term debt, net of unamortized debt issuance costs of \$358,064 and \$372,339 at June 30, 2025 and 2024, respectively	5,838,925	5,980,524
Long-term lease liabilities - finance	401,958	618,376
Long-term lease liabilities - operating	<u>149,859,777</u>	<u>57,269,002</u>
TOTAL LIABILITIES	160,642,161	70,658,417
<u>NET ASSETS</u>		
Without donor restrictions	17,155,546	25,988,590
With donor restrictions	<u>181,987</u>	<u>331,973</u>
TOTAL NET ASSETS	<u>17,337,533</u>	<u>26,320,563</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 177,979,694</u>	<u>\$ 96,978,980</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains and other support:				
Public school district:				
Resident student enrollment	\$ 28,245,120	\$ -	\$ 28,245,120	\$ 29,249,844
Students with disabilities	2,463,695	-	2,463,695	4,478,745
Grants and contracts:				
State and local	827,911	-	827,911	1,068,179
Federal - Title and IDEA	2,058,758	-	2,058,758	2,001,901
Federal - other	635,918	-	635,918	6,513,310
NYC DOE rental assistance	6,272,136	-	6,272,136	3,685,611
Contributions - nonfinancial assets, in-kind rent	1,759,825	-	1,759,825	4,834,350
Food Service/Child Nutrition Program	575,086	-	575,086	723,717
TOTAL REVENUE, GAINS AND OTHER SUPPORT	42,838,449	-	42,838,449	52,555,657
Expenses:				
Program services:				
Regular education	31,762,532	-	31,762,532	30,214,204
Special education	13,924,833	-	13,924,833	16,200,309
Pre-K	1,990,538	-	1,990,538	1,886,980
Total program services	47,677,903	-	47,677,903	48,301,493
Management and general	3,795,083	-	3,795,083	4,121,796
TOTAL OPERATING EXPENSES	51,472,986	-	51,472,986	52,423,289
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(8,634,537)	-	(8,634,537)	132,368
Support and other revenue (expense):				
Contributions:				
Foundations	290,256	153,454	443,710	336,900
Corporations	1,098,716	-	1,098,716	1,272,597
Interest income	416,946	-	416,946	382,574
Other income	194,053	-	194,053	134,599
Net assets released from restrictions	303,440	(303,440)	-	-
TOTAL SUPPORT AND OTHER REVENUE	2,303,411	(149,986)	2,153,425	2,126,670
CHANGE IN NET ASSETS BEFORE FORGIVENESS OF RELATED PARTY DEBT	(6,331,126)	(149,986)	(6,481,112)	2,259,038
Forgiveness of related party debt	(2,501,918)	-	(2,501,918)	-
CHANGE IN NET ASSETS	(8,833,044)	(149,986)	(8,983,030)	2,259,038
Net assets at beginning of year	25,988,590	331,973	26,320,563	24,061,525
NET ASSETS AT END OF YEAR	\$ 17,155,546	\$ 181,987	\$ 17,337,533	\$ 26,320,563

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

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

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

	No. of Positions	Program Services				Supporting Services			Total	
		Regular Education	Special Education	Pre-K	Sub-total	Management and general	Fundraising and special events	Sub-total	Year ended June 30,	
									2025	2024
Personnel services costs:										
Administrative staff personnel	49	\$ 2,808,838	\$ 781,207	\$ 43,829	\$ 3,633,874	\$ 1,120,470	\$ -	\$ 1,120,470	\$ 4,754,344	\$ 5,479,300
Instructional personnel	184	7,889,144	5,432,867	835,274	14,157,285	7,646	-	7,646	14,164,931	16,543,282
Non-instructional personnel	2	138,802	45,781	10,744	195,327	-	-	-	195,327	119,036
Total personnel services costs	235	10,836,784	6,259,855	889,847	17,986,486	1,128,116	-	1,128,116	19,114,602	22,141,618
Fringe benefits and payroll taxes		1,788,202	1,061,419	143,357	2,992,978	174,694	-	174,694	3,167,672	4,003,049
Retirement		213,187	109,697	21,072	343,956	21,092	-	21,092	365,048	380,238
Management company fees		3,722,173	1,039,400	-	4,761,573	1,190,392	-	1,190,392	5,951,965	4,948,527
Legal services		-	-	-	-	98,642	-	98,642	98,642	254,928
Accounting / audit services		-	-	-	-	82,497	-	82,497	82,497	112,178
Other purchased / professional / consulting services		1,993,321	736,851	103,744	2,833,916	197,787	-	197,787	3,031,703	3,108,697
Building rent / lease / facility finance interest		6,836,377	2,215,358	460,226	9,511,961	98,948	-	98,948	9,610,909	4,346,367
In-kind rent		1,170,777	376,334	115,423	1,662,534	97,291	-	97,291	1,759,825	4,834,350
Repairs and maintenance		392,204	129,927	27,105	549,236	4,047	-	4,047	553,283	506,878
Insurance		224,956	118,456	29,839	373,251	19,014	-	19,014	392,265	352,974
Utilities		393,438	129,768	30,453	553,659	-	-	-	553,659	386,183
Supplies / materials		812,424	230,411	8,518	1,051,353	3,434	-	3,434	1,054,787	956,824
Equipment / furnishings		159,177	79,668	5,577	244,422	9,296	-	9,296	253,718	83,737
Staff development		345,890	187,790	39,767	573,447	33,977	-	33,977	607,424	647,993
Marketing / recruiting		242,907	120,986	11,910	375,803	24,200	-	24,200	400,003	491,980
Technology		269,610	131,263	16,424	417,297	19,396	-	19,396	436,693	706,927
Food service		373,534	152,080	23,347	548,961	-	-	-	548,961	668,909
Student services		567,608	179,883	10,008	757,499	9,152	-	9,152	766,651	960,955
Office expense		64,811	40,525	-	105,336	15,723	-	15,723	121,059	303,388
Depreciation and amortization		1,355,152	625,162	53,921	2,034,235	79,604	-	79,604	2,113,839	2,164,311
Other		-	-	-	-	487,781	-	487,781	487,781	62,278
		<u>\$ 31,762,532</u>	<u>\$ 13,924,833</u>	<u>\$ 1,990,538</u>	<u>\$ 47,677,903</u>	<u>\$ 3,795,083</u>	<u>\$ -</u>	<u>\$ 3,795,083</u>	<u>\$ 51,472,986</u>	<u>\$ 52,423,289</u>

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

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 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	\$ (8,983,030)	\$ 2,259,038
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	2,113,839	2,178,586
Amortization of debt issuance costs included in interest expense	14,275	14,275
Loss on disposal of property and equipment	240,883	43,389
Forgiveness of related party debt	2,501,918	-
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	5,548,388	(278,457)
Prepaid expenses and other current assets	456,522	(276,020)
Related party receivables	(794,908)	(1,496,828)
Accounts payable and accrued expenses	(2,031,038)	475,441
Accrued payroll and benefits	444,225	(815,925)
Operating lease liabilities, net of right-of-use assets	3,938,748	547,711
Deferred revenue	-	(81,234)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	3,449,822	2,569,976
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Payment of security deposit	(49,154)	(408,376)
Purchases of property and equipment	(1,856,326)	(6,131,788)
Purchases of certificates of deposit	(331,321)	(210,497)
NET CASH USED FOR INVESTING ACTIVITIES	(2,236,801)	(6,750,661)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayments on finance leases	(314,777)	(285,676)
Repayments of long-term debt	(150,220)	(144,292)
NET CASH USED FOR FINANCING ACTIVITIES	(464,997)	(429,968)
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	748,024	(4,610,653)
Cash and restricted cash at beginning of year	5,384,108	9,994,761
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 6,132,132</u>	<u>\$ 5,384,108</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

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

	Year ended June 30,	
	2025	2024
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment in accounts payable	\$ 57,218	\$ 265,712
Transfer of property and equipment in repayment of related party debt	\$ 45,716	\$ -
<u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Right-of-use assets obtained in exchange for finance lease liabilities	\$ 98,830	\$ 341,903
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 90,473,386	\$ -
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid for interest	\$ 271,284	\$ 277,205
Reconciliation of cash and restricted cash reported within the consolidated statement of financial position that sum to the total amounts reported in the statement of cash flows:		
	June 30,	
	2025	2024
<u>CASH AND RESTRICTED CASH</u>		
Cash	\$ 4,465,696	\$ 3,866,116
Cash in escrow	326,502	250,576
Restricted cash	1,339,934	1,267,416
	\$ 6,132,132	\$ 5,384,108

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

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

The Organization

Public Prep Charter School Academies is an education corporation that has authority to operate the Charter Schools as described below. Each of the Charter Schools were established to prepare underserved elementary and middle school students for higher education, civic involvement and lifelong success through a structured, caring environment of high academic expectations. Friends was organized under the laws of the State of New York as a not-for-profit corporation under subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation law. Girls Prep Bronx II, LLC was organized under the laws of the State of New York as a limited liability company under Section 203 of the Limited Liability Company Law as of October 18, 2021. The sole member of the limited liability company is Friends. See Note D.

Girls Prep LES operated in the borough of Manhattan, New York. On March 23, 2004, the Board of Regents of the University of the State of New York granted Girls Prep LES a provisional charter valid for a term of five years and renewable upon expiration. Girls Prep LES obtained its most recent renewal through June 30, 2030. The Charter School closed grades K-8 at the end of the 2023-24 school year. As described below, the high school grades operate in the Bronx.

Boys Prep operates in the borough of Bronx, New York. On December 14, 2010, the Board of Regents of the University of the State of New York granted Boys Prep a provisional charter valid for a term of five years and renewable upon expiration. Boys Prep obtained its most recent renewal through June 30, 2030.

Girls Prep Bronx operates in the borough of Bronx, New York. On February 23, 2009, the Board of Regents of the University of the State of New York granted Girls Prep Bronx a provisional charter valid for a term of five years and renewable upon expiration. Girls Prep Bronx obtained its most recent renewal through June 30, 2030.

On March 9, 2019, the Board of Regents of the University of the State of New York granted Girls Prep Bronx II a provisional charter valid for a term of five years and renewable upon expiration. Girls Prep Bronx II opened for students in the Fall of 2020. Girls Prep Bronx II obtained a renewal through June 30, 2030.

In December 2020, Girls Prep LES, Boys Prep, and Girls Prep Bronx each received approval from SUNY for a revision to their charters to create a joint high school program with another charter school beginning in the 2022-23 school year. The high school opened beginning in the 2022-2023 school year. Public Prep Charter School Academies has contracted with Vertex Partnership Academies, Inc., a not-for-profit organization, to provide management and other administrative services for the high school. See Note M.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

PrePrep operates in the borough of Bronx, New York. The Organization obtained approval from the New York City Department of Education to open a Pre-K program. The contract authorized operation of a universal prekindergarten program for a term of three years through June 30, 2018 and was renewable upon expiration. PrePrep operated through June 30, 2025, at which time the program closed.

PrePrep2 operates in the borough of Bronx, New York. The Organization obtained approval from the New York City Department of Education to open a second Pre-K program. The contract authorizes operation of a universal prekindergarten program for a term of three years through June 30, 2021 and renewable upon expiration. PrePrep2 operated through June 30, 2025, at which time the program closed.

Financial Statement presentation

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

These classes of net assets are defined as follows:

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

Revenue recognition

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

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Public school district revenue

The Organization recognizes revenue as educational programming is provided to students throughout the year. The Organization earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the Charter Schools. 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.

Universal Pre-Kindergarten (Pre-K)

Similar to public school district revenue, the Organization recognizes Pre-K revenue as educational programming is provided to students throughout the year. The maximum revenue amount is based on a contractually determined fixed amount per student and the number of students enrolled at a point in time. This amount could be further reduced if actual costs incurred in providing the Pre-K program are less than the maximum calculated amount of the contract. Amounts are paid in installments throughout the course of the year, with the final 5% paid upon submission of all required documentation at the end of the contract year. Revenue recognized from Pre-K programs totaled \$1,200,719 and \$1,274,016 for the years ended June 30, 2025 and 2024, respectively.

Rental assistance

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

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

	<u>2025</u>	<u>June 30, 2024</u>	<u>2023</u>
Grants and contracts receivable	\$ 1,298,826	\$ 464,016	\$ 216,124

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

Contributions

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

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

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

Grant revenue

Some of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying consolidated statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying consolidated statement of financial position. There was no deferred revenue at June 30, 2025 or 2024. There were no cost-reimbursement grants that had not been recognized at June 30, 2025. The Organization received cost-reimbursement grants of \$475,257 that had not been recognized at June 30, 2024, because qualifying expenditures had not yet been incurred.

Cash

Cash balances are maintained at certain financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. 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 is required to maintain cash in escrow accounts for dissolution reserves in accordance with the terms of its charter agreements. The amount in escrow for dissolution as of June 30, 2025 and 2024 was \$326,502 and \$250,576, respectively. The escrow is restricted to fund legal and other costs related to the dissolution of the Organization, should dissolution become necessary.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Restricted cash

The Organization maintains cash in certificates of deposit for collateral in accordance with the terms of their standby letter of credit as required by the Girls Prep Bronx II, LLC lease agreement. The amount of the certificates of deposit as of June 30, 2025 and 2024 were \$1,339,934 and \$1,267,416, respectively, with interest rates of ranging from 3.15% to 3.49%. The cash is restricted as collateral for the standby letter of credit. See Note D.

Certificates of deposit

The Organization maintains its certificates of deposit with a financial institution. The balance is insured at the financial institution up to \$250,000 by the FDIC. At times the Organization's balance may exceed federally insured limits. The Organization has not experienced any losses in such account and does not believe it is exposed to any significant risk. The certificates of deposit mature at varying dates between July 2025 and May 2026.

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 Charter School 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 tax refund receivable

In connection with the lease agreement entered by Friends and subleased to Boys Prep as described in Note D, Friends was responsible for payment of property taxes in excess of a base level. During the year ended June 30, 2022, the landlord and Friends completed the process of forming a leasehold condominium and subsequently filing for tax-exempt status for the property. As a result, property taxes previously paid by Friends were refunded to the landlord by the taxing authority and are due to Friends under the terms of the lease. Friends does not anticipate incurring future property tax expense with respect to this lease.

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-nine years. Leasehold improvements are amortized over the lesser of the lease term or useful life.

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

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

Leases

The Organization leases school facilities and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the accompanying consolidated statement of financial position. Finance leases are included in finance lease right-of-use (ROU) assets, other current liabilities, and finance lease liabilities on the accompanying consolidated statement of financial position.

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 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 lease ROU asset 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, and for finance leases, as amortization expense and interest expense.

Certain lease agreements include rental payments based on changes in the consumer price index (CPI). Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. The variable lease cost recognized and disclosed for those applicable leases was \$288,221 and \$223,380 for the years ended June 30, 2025 and 2024, respectively.

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

Tax exempt status

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

Public Prep Academies and Friends file Form 990 tax returns in the U.S. federal jurisdiction. In addition, Friends files in New York. The 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 serve on the Board of Trustees. In addition, the Organization received transportation services, special education services and speech therapy instruction for the students from the local district. The Organization was unable to determine a value for these services.

Marketing and recruiting costs

The Organization expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$400,000 and \$492,000 for the years ended June 30, 2025 and 2024, respectively.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

Use of estimates in the preparation of financial statements

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

Reclassifications

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

Functional allocation of expenses

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

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the consolidated statement of financial position date through October 31, 2025, which is the date the consolidated financial statements are available to be issued. See Note D, Note J, and Note O.

NOTE B: RELATED PARTY TRANSACTIONS

The Organization had related party receivables from one related organization, Public Preparatory Network, Inc. (PPN). PPN, a not-for-profit organization, provided management and other administrative support services to the Organization. For the years ended June 30, 2025 and 2024, the Organization paid an annual service fee of 15% of the year end student enrollment full time equivalents multiplied by the approved per pupil reimbursement rate for the school year for general education and special education funding. Further, for the year ended June 30, 2025, the Organization also paid PPN an annual service fee of 15% of facilities-related per pupil, Title, IDEA and other government grants funding for the year, excluding certain government grants as stipulated in the agreement. The term of the agreement renews annually unless terminated by either party with at least six months' notice. The agreement was terminated effective June 30, 2025. The fee incurred for the years ended June 30, 2025 and 2024 was \$5,099,768 and \$4,475,122, respectively.

During the year ended June 30, 2025, the Board of Public Prep Charter School Academies approved forgiveness of amounts owed by PPN to the Organization. Total forgiveness was \$2,501,918 for the year ended June 30, 2025.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

Amounts due (to) from these related parties have no set repayment terms and as of June 30, 2025 were as follows:

	<u>Public Prep Charter School Academies</u>	<u>Friends of Public Prep Academies</u>	<u>Total</u>
Due from (to) Public Prep Charter School Academies	\$ -	\$ (8,050,669)	\$ (8,050,669)
Due from (to) Friends of Public Prep Academies, Inc.	<u>8,050,669</u>	<u>-</u>	<u>8,050,669</u>
	<u>\$ 8,050,669</u>	<u>\$ (8,050,669)</u>	<u>\$ -</u>

Amounts due (to) from these related parties have no set repayment terms and as of June 30, 2024 were as follows:

	<u>Public Prep Charter School Academies</u>	<u>Friends of Public Prep Academies</u>	<u>Total</u>
Due from (to) Public Preparatory Network, Inc.	\$ 1,781,440	\$ (28,714)	\$ 1,752,726
Due from (to) Public Prep Charter School Academies	-	(9,476,269)	(9,476,269)
Due from (to) Friends of Public Prep Academies, Inc.	<u>9,476,269</u>	<u>-</u>	<u>9,476,269</u>
	<u>\$ 11,257,709</u>	<u>\$ (9,504,983)</u>	<u>\$ 1,752,726</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE C: LIQUIDITY AND AVAILABILITY

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

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

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget on a cashflow basis 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:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash	\$ 4,465,696	\$ 3,866,116
Certificates of deposit	6,796,807	6,465,486
Grants and contracts receivable	2,314,271	7,862,659
Property tax refund receivable	<u>950,280</u>	<u>950,280</u>
Total financial assets available within one year	14,527,054	19,144,541
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(181,987)</u>	<u>(331,973)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 14,345,067</u>	<u>\$ 18,812,568</u>

As shown on the accompanying consolidated statement of activities and changes in net assets, the Organization incurred a change in net assets of (\$8,756,070) for the year ended June 30, 2025. A significant portion of the deficit is due to non-cash activity, including operating lease expense in excess of cash paid under the lease agreements of approximately \$3,939,000.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: LEASES

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

In December 2016 Friends entered into a lease agreement with a third party for school facility space for use by Boys Prep. The lease required a security deposit of \$495,000 which was paid in fiscal 2017 by Boys Prep. During fiscal 2024, the lease required an additional security deposit of approximately \$408,000, which was paid by Friends. The lease term is 35 years through August 2053, which commenced upon occupancy in September 2018, with the option to renew the agreement for two renewal terms, the first for ten years and the second for four years. The current agreement provides for monthly payments of approximately \$235,330 as of June 30, 2025, increasing annually based upon the greater of the changes in the Consumer Price Index above a base year or a fixed percentage of 1.5%.

During September 2019, the Organization finalized a sublease between Friends and Public Prep Charter School Academies for the Boys Prep school facility space which commenced September 10, 2018. Effective July 1, 2021, the lease was amended to extend the term to June 30, 2041. Under the amended sublease, annual rental payments increase by approximately 2% annually. All intercompany rent is eliminated in the accompanying consolidated financial statements; \$6,647,196 and \$6,646,967 for the years ended June 30, 2025 and 2024, respectively.

The Organization also leases computer and other equipment under non-cancelable lease agreements expiring at various dates through March 2029.

During 2022, Public Prep Academies entered into a sublease with Vertex for the Joint High School facility. The sublease commenced July 1, 2022 through June 30, 2023. The lease includes all utilities and security services. In August 2023, the lease was extended through June 30, 2024 with total bi-monthly rent of \$204,840, shared between Public Prep Academies and Brilla College Preparatory Charter Schools. In July 2024, the lease was extended through June 30, 2025 with total bi-monthly rent of \$296,134 shared between Public Prep Academies and Brilla College Preparatory Charter Schools. In July 2025, the lease was extended through June 30, 2026 with total bi-monthly rent of \$388,069 shared between Public Prep Academies and Brilla College Preparatory Charter Schools. The related lease expense was \$1,243,763 and \$860,328 for the years ended June 30, 2025 and 2024, respectively. See Note M for further details on the Joint High School Program.

Effective April 7, 2022, Girls Prep Bronx II, LLC entered into a lease agreement with a third-party landlord to construct a building to be leased to Girls Prep Bronx II, LLC. The lease commenced in August 2024. The lease shall run for 39 years from date of commencement through August 2063 with monthly rental payments beginning at \$125,000 and increasing to \$589,000 over the lease term. The lease can be renewed for an additional ten-year period. Public Prep Charter School Academies guarantees the lease. Management does not anticipate any losses from this guaranty, and, accordingly, no amounts have been provided for this guaranty in the accompanying consolidated financial statements. At June 30, 2025, the maximum amount of future payments (undiscounted) that the Organization could be required to make under the guaranty is approximately \$204,384,000. At this time, the Organization fully expects that the above lease obligation will be repaid by Girls Prep Bronx II, LLC in accordance with the lease terms.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: LEASES, Cont'd

In accordance with the Girls Prep Bronx II, LLC lease terms, the tenant shall pay or provide a letter of credit for the security deposit at the execution of the lease. This amounted to \$1,250,000 and the Organization obtained a standby letter of credit for this amount with a final expiration date of August 30, 2063. Further, the Organization maintains a certificate of deposit account that holds approximately \$1,340,000 as collateral for this standby letter of credit as required by the standby letter of credit agreement.

In connection with the above lease, Girls Prep Bronx II, LLC entered into a sublease with Public Prep Charter School Academies in January 2023. The sublease has the same term as the lease between Girls Prep Bronx II, LLC and their landlord. Rent payable by Public Prep Charter School Academies includes facilities operational expenses including utilities, cleaning, and telecommunications services. Rental payments began at approximately \$225,000 per month and increase to \$897,000 per month over the 39 year term of the lease. All intercompany rent is eliminated in the accompanying consolidated financial statements; \$6,883,012 for the year ended June 30, 2025.

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

		<u>Consolidated Statement of</u>	
		<u>Financial Position Classification</u>	
		June 30,	
		<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Finance leases	Other assets	\$ 706,660	\$ 939,419
Operating leases	Other assets	<u>142,290,093</u>	<u>54,338,668</u>
		<u>\$ 142,996,753</u>	<u>\$ 55,278,087</u>
 <u>Liabilities</u>			
Current:			
Finance leases	Current liabilities	\$ 272,054	\$ 296,525
Operating leases	Current liabilities	55,399	756,001
Non-current:			
Finance leases	Long-term liabilities	401,958	618,376
Operating leases	Long-term liabilities	<u>149,859,777</u>	<u>57,269,002</u>
		<u>\$ 150,589,188</u>	<u>\$ 58,939,904</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: LEASES, Cont'd

The components of lease expense were as follows:

	Year ended June 30,	
	2025	2024
Finance lease cost:		
Amortization of right-of-use assets	\$ 306,647	\$ 297,049
Interest on lease liabilities	32,469	38,497
Total finance lease costs	339,116	335,546
Operating lease cost	7,883,718	3,055,266
Variable lease cost	288,221	223,380
Short-term lease cost	1,243,763	860,328
Total lease cost	\$ 9,754,818	\$ 4,474,520

As of June 30, 2025, minimum payments due for lease liabilities for each of the five succeeding fiscal years and thereafter are as follows:

Year ended June 30,	Finance leases	Operating leases	Total
2026	\$ 293,553	\$ 5,019,361	\$ 5,312,914
2027	251,888	5,746,054	5,997,942
2028	142,820	6,759,800	6,902,620
2029	21,840	6,918,880	6,940,720
2030	-	7,022,663	7,022,663
Thereafter	-	261,433,582	261,433,582
Total lease payments	710,101	292,900,340	293,610,441
Less: Interest	(36,089)	(142,985,164)	(143,021,253)
Present value of lease liabilities	\$ 674,012	\$ 149,915,176	\$ 150,589,188

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: LEASES, Cont'd

Supplemental information:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for finance leases	\$ 33,317	\$ 38,071
Financing cash flows paid for finance leases	\$ 314,777	\$ 304,357
Operating cash flows paid for operating leases	\$ 3,944,969	\$ 2,544,709
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Finance leases	\$ 98,830	\$ 341,903
Operating leases	\$ 90,473,386	\$ -
Weighted-average remaining lease term:		
Finance leases	2.62 years	3.42 years
Operating leases	34.27 years	29.13 years
Weighted-average discount rate:		
Finance leases	4.06%	3.92%
Operating leases	3.92%	3.11%

NOTE E: SCHOOL FACILITIES – GIFTS-IN-KIND

During fiscal 2024, Girls Prep LES, Girls Prep Bronx, PrePrep and Girls Prep Bronx II were located in NYCDOE facilities at no charge. During fiscal 2025, Girls Prep Bronx and PrePrep were located in NYCDOE facilities at no charge. In valuing the contributed space in the school buildings, the Organization estimated the fair value of \$1,759,825 and \$4,834,350 for the years ending June 30, 2025 and 2024, respectively, on the basis of financial information provided to the Organization under the New York City School Rental Assistance Program. There were no associated donor restrictions with the contributed facilities.

	<u>Year ended June 30,</u>	
<u>Program or Supporting Service</u>	<u>2025</u>	<u>2024</u>
Regular education	\$ 1,170,777	\$ 2,849,518
Special education	376,334	1,449,902
Pre-K	115,423	188,874
Management and general	97,291	346,056
	<u>\$ 1,759,825</u>	<u>\$ 4,834,350</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE F: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	<u>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 4,223,000	\$ 3,278,384
Computer equipment	2,697,232	4,194,463
Office equipment	1,409,459	2,906,488
Web development	-	5,250
Leasehold improvements	17,662,249	14,737,347
Construction in progress	<u>1,110,897</u>	<u>4,536,641</u>
	27,102,837	29,658,573
Less accumulated depreciation and amortization	<u>9,679,492</u>	<u>12,146,413</u>
	<u>\$ 17,423,345</u>	<u>\$ 17,512,160</u>

No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Total depreciation and amortization expense on property and equipment was \$1,807,192 and \$1,881,537 for the years ended June 30, 2025 and 2024, respectively.

Construction in progress relates to construction at the Girls Prep Bronx II permanent space discussed in Note D. Amounts will be placed into service in fiscal year 2026. No significant construction commitments remain as of June 30, 2025.

NOTE G: RETIREMENT PLAN

The Organization participates in a defined contribution 403(b) plan covering all eligible employees. The Organization matches employees' contributions to the plan, up to a maximum of 5% of eligible compensation. The Organization's total contributions to the Plan for the years ended June 30, 2025 and 2024 were \$365,048 and \$380,238, respectively.

NOTE H: CONTINGENCY

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

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE I: CONCENTRATIONS

At June 30, 2025 and 2024, approximately 21% and 91%, respectively of grants and contracts receivables are due from New York State relating to certain grants. At June 30, 2025 and 2024, approximately 71% and 2% of grants and contracts receivables are due from NYCDOE relating to certain grants, respectively. At June 30, 2025 and 2024, all of the property tax refund receivable is due from the Organization's landlord.

During the years ended June 30, 2025 and 2024, 72% and 64%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which each Charter School's students reside.

NOTE J: LONG-TERM DEBT

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Loan payable to nonprofit revolving loan fund, due in monthly installments of \$32,359, including interest at 3.7% through August 2050. The loan is secured by a leasehold mortgage on certain property as well as a first priority lien security interest in the gross revenues of Friends. In connection with this loan, Public Prep Academies and Boys Prep specifically are both subject to certain financial and operational covenants. The Organization was not in compliance with certain financial covenants as of June 30, 2025 and received a waiver dated October 31, 2025.	\$ 6,352,862	\$ 6,503,082
Less unamortized debt issuance costs	(358,064)	(372,339)
Less current portion of long-term debt	<u>(155,873)</u>	<u>(150,219)</u>
	<u>\$ 5,838,925</u>	<u>\$ 5,980,524</u>

Estimated annual maturities of long-term debt at June 30, 2025 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 155,873
2027	161,739
2028	167,826
2029	174,142
2030	180,695
Thereafter	<u>5,512,587</u>
	<u>\$ 6,352,862</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE K: FUNCTIONAL EXPENSES

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

NOTE L: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Undesignated	\$ 13,319,434	\$ 18,268,990
Invested in property and equipment, net of related debt	11,428,547	11,381,417
Right of use assets, net of related lease liabilities	<u>(7,592,435)</u>	<u>(3,661,817)</u>
	<u>\$ 17,155,546</u>	<u>\$ 25,988,590</u>

Net assets with donor restrictions are as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Eyeglasses	\$ -	\$ 2,842
Hydroponics	-	9,000
Career programs	142,749	197,004
Physical and health curriculum and community service programs	-	57,459
Scholarship funding	6,068	-
Time restricted	<u>33,170</u>	<u>65,668</u>
	<u>\$ 181,987</u>	<u>\$ 331,973</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE M: VERTEX PARTNERSHIP ACADEMIES JOINT HIGH SCHOOL OPERATIONS

Management company fees

As described in Note A, the Organization entered into an agreement with Vertex Partnership Academies, Inc. to manage a joint high school program incorporating scholars from Girls Prep LES, Boys Prep, Girls Prep Bronx, and Brilla College Preparatory Charter Schools, another charter school. In connection with the agreement, the Organization pays a service fee to Vertex Partnership Academies, Inc. for their role in managing the joint high school equal to 15% of all the public revenues received by the Organization for its students attending the joint high school. Public revenues exclude any Federal Public Charter School Program Planning and Implementation Grants (“CSP”) or any funding allocated or awarded during the 2021-2022 school year under the American Rescue Plan Elementary and Secondary School Emergency Relief Fund, the American Rescue Plan Act of 2021 or the Coronavirus Aid, Recovery and Economic Security Act. The Organization paid management company fees related to high school operations of \$852,197 and \$473,405 for the years ended June 30, 2025 and 2024, respectively.

Joint high school funding

Under the agreement, the Organization is to transfer to the joint high school all funds received from any governmental or private entity with respect to the joint high school program and its students including, but not limited to, per pupil funding received from New York State and its municipalities and school districts; all Federal Government funding including Title I, Title II, E-rate, and CSP funding; and all startup funding received from private foundations with respect to the joint high school program. Any rental assistance received through the New York City Department of Education by the Organization shall be used towards rental payments for the high school facility for students enrolled in the joint high school program.

Contribution from joint high school program

The agreement also states that it is the sole responsibility of Vertex Partnership Academies, Inc. to ensure that it has sufficient funds to run the joint high school program should additional funds be required beyond the joint high school funding and the management company fees. During the years ended June 30, 2025 and 2024, Vertex Partnership Academies, Inc. made contributions to the Girls Prep LES, Boys Prep and Girls Prep Bronx portion of the joint high school program totaling \$1,186,128 and \$1,272,498, respectively.

Termination

In December 2024, PPA notified Vertex Partnership Academies, Inc. of its decision to discontinue their participation in the joint high school program after June 30, 2026.

NOTE N: FINANCIAL 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 \$475,257 and \$4,329,449 of revenue relative to ESSER grants during the years ended June 30, 2025 and 2024, respectively. The Organization had no ESSER grants remaining as of June 30, 2025.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE O: PARTNERSHIP WITH EXCELLENCE COMMUNITY SCHOOLS, INC.

Effective November 21, 2024, the Organization and PPN entered into a partnership with Excellence Community Schools, Inc. (“Excellence”), a charter school management organization in the New York City area. The agreement required Excellence to provide certain CMO services to the Organization and PPN through July 31, 2025. Effective July 1, 2025, this partnership agreement was superseded by an educational services agreement in which Excellence will provide educational and operational services to the Organization with a term through June 30, 2030. The agreement calls for a service fee equal to 15% of all public revenues received by the Organization. In October 2025, the agreement was updated to reduce the service fee to 5% of all public revenues for the 2025-26 fiscal year. Public revenues include funding received from any federal, state, or local government, excluding in-kind contributions, start-up funding, and funding for competitive grants.

PUBLIC PREP CHARTER SCHOOL ACADEMIES

OTHER FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Public Prep Charter School Academies

We have audited the consolidated financial statements of Public Prep Charter School Academies as of and for the year ended June 30, 2025, and have issued our report thereon dated October 31, 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 other financial information hereinafter is presented for purposes of additional analysis and are not required parts of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the year ended June 30, 2025, as a whole.

We have also audited the consolidated financial statements of Public Prep Charter School Academies as of and for the year ended June 30, 2024, and our report thereon dated November 1, 2024 expressed an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on those consolidated financial statements as a whole. The 2024 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2024 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 2024 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 2024 consolidated financial statements or to the 2024 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, 2024, as a whole.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 31, 2025

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PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY CHARTER

JUNE 30, 2025

<u>ASSETS</u>	Public Prep Charter School Academies							Friends of Public Preparatory Charter School of New York	Eliminations	Consolidated Total
	Girls Preparatory Charter School of New York	Boys Preparatory Charter School of New York	Girls Preparatory Charter School of the Bronx	Girls Preparatory Charter School of the Bronx II	PrePrep: the Joan Ganz Cooney Early Learning Program	PrePrep 2	Total			
<u>CURRENT ASSETS</u>										
Cash	\$ 2,952,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,952,443	\$ 1,513,253	\$ -	\$ 4,465,696
Certificates of deposit	6,796,807	-	-	-	-	-	6,796,807	-	-	6,796,807
Grants and contracts receivable	138,017	269,458	165,018	455,908	384,743	815,976	2,229,120	7,657,036	(7,571,885)	2,314,271
Property tax refund receivable	-	-	-	-	-	-	-	950,280	-	950,280
Prepaid expenses and other current assets	22,914	28,831	30,994	9,831	-	-	92,570	281,991	-	374,561
TOTAL CURRENT ASSETS	9,910,181	298,289	196,012	465,739	384,743	815,976	12,070,940	10,402,560	(7,571,885)	14,901,615
<u>OTHER ASSETS</u>										
Property and equipment, net	491,780	823,478	686,015	1,260,583	-	35,834	3,297,690	14,125,655	-	17,423,345
Related party (payables) receivables	(11,929,258)	8,464,483	16,144,467	(2,676,171)	(1,029,638)	(923,214)	8,050,669	(8,050,669)	-	-
Right-of-use assets - finance	-	211,250	352,605	142,805	-	-	706,660	-	-	706,660
Right-of-use assets - operating	-	80,878,005	-	124,925,561	-	-	205,803,566	142,290,093	(205,803,566)	142,290,093
Security deposits	-	502,325	-	-	-	-	502,325	489,220	-	991,545
Cash in escrow	326,502	-	-	-	-	-	326,502	-	-	326,502
Restricted cash	-	-	-	1,339,934	-	-	1,339,934	-	-	1,339,934
	<u>(11,110,976)</u>	<u>90,879,541</u>	<u>17,183,087</u>	<u>124,992,712</u>	<u>(1,029,638)</u>	<u>(887,380)</u>	<u>220,027,346</u>	<u>148,854,299</u>	<u>(205,803,566)</u>	<u>163,078,079</u>
TOTAL ASSETS	\$ (1,200,795)	\$ 91,177,830	\$ 17,379,099	\$ 125,458,451	\$ (644,895)	\$ (71,404)	\$ 232,098,286	\$ 159,256,859	\$ (213,375,451)	\$ 177,979,694

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY CHARTER, Cont'd

JUNE 30, 2025

<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>	Public Prep Charter School Academies							Friends of Public Preparatory Charter School of New York	Eliminations	Consolidated Total
	Girls Preparatory Charter School of New York	Boys Preparatory Charter School of New York	Girls Preparatory Charter School of the Bronx	Girls Preparatory Charter School of the Bronx II	PrePrep: the Joan Ganz Cooney Early Learning Program	PrePrep 2	Total			
<u>CURRENT LIABILITIES</u>										
Accounts payable and accrued expenses	\$ (49,369)	\$ (27,182)	\$ 223,665	\$ 465,384	\$ 7,421	\$ 80,886	\$ 700,805	\$ 1,105,971	\$ -	\$ 1,806,776
Accrued payroll and benefits	73,230	979,112	363,215	736,169	38,509	55,801	2,246,036	5,363	-	2,251,399
Current portion of long-term debt	-	-	-	-	-	-	-	155,873	-	155,873
Current portion of lease liabilities - finance	-	120,495	98,108	53,451	-	-	272,054	-	-	272,054
Current portion of lease liabilities - operating	-	3,372,233	-	-	-	-	3,372,233	55,399	(3,372,233)	55,399
TOTAL CURRENT LIABILITIES	23,861	4,444,658	684,988	1,255,004	45,930	136,687	6,591,128	1,322,606	(3,372,233)	4,541,501
<u>LONG-TERM LIABILITIES</u>										
Long-term debt, net of unamortized debt issuance costs	-	-	-	-	-	-	-	5,838,925	-	5,838,925
Long-term lease liabilities - finance	-	100,731	207,080	94,147	-	-	401,958	-	-	401,958
Long-term lease liabilities - operating	-	80,669,645	-	129,333,573	-	-	210,003,218	149,859,777	(210,003,218)	149,859,777
TOTAL LIABILITIES	23,861	85,215,034	892,068	130,682,724	45,930	136,687	216,996,304	157,021,308	(213,375,451)	160,642,161
<u>NET (DEFICIT) ASSETS</u>										
Without donor restrictions	(1,293,120)	5,913,780	16,422,524	(5,224,273)	(690,825)	(208,091)	14,919,995	2,235,551	-	17,155,546
With donor restrictions	68,464	49,016	64,507	-	-	-	181,987	-	-	181,987
TOTAL NET (DEFICIT) ASSETS	(1,224,656)	5,962,796	16,487,031	(5,224,273)	(690,825)	(208,091)	15,101,982	2,235,551	-	17,337,533
TOTAL LIABILITIES AND NET (DEFICIT) ASSETS	<u>\$ (1,200,795)</u>	<u>\$ 91,177,830</u>	<u>\$ 17,379,099</u>	<u>\$ 125,458,451</u>	<u>\$ (644,895)</u>	<u>\$ (71,404)</u>	<u>\$ 232,098,286</u>	<u>\$ 159,256,859</u>	<u>\$ (213,375,451)</u>	<u>\$ 177,979,694</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2025

	Public Prep Charter School Academies									
	Girls Preparatory Charter School of New York	Boys Preparatory Charter School of New York	Girls Preparatory Charter School of the Bronx	Girls Preparatory Charter School of the Bronx II	PrePrep: the Joan Ganz Cooney Early Learning Program	PrePrep 2	Total	Friends of Public Preparatory Charter School of New York	Eliminations	Consolidated Total
Revenue, gains and other support:										
Public school district:										
Resident student enrollment	\$ 1,457,535	\$ 9,836,336	\$ 6,944,844	\$ 8,805,686	\$ 384,743	\$ 815,976	\$ 28,245,120	\$ -	\$ -	\$ 28,245,120
Students with disabilities	116,108	1,579,708	244,256	523,623	-	-	2,463,695	-	-	2,463,695
Grants and contracts:										
State and local	1,615	212,038	58,124	556,134	-	-	827,911	-	-	827,911
Federal - Title and IDEA	239,723	750,783	638,726	429,526	-	-	2,058,758	-	-	2,058,758
Federal - other	-	304,094	275,933	41,430	-	-	621,457	14,461	-	635,918
NYC DOE rental assistance	438,774	2,934,871	423,491	2,475,000	-	-	6,272,136	-	-	6,272,136
Contributions - nonfinancial assets, in-kind rent	-	-	1,644,402	-	115,423	-	1,759,825	-	-	1,759,825
Food Service/Child Nutrition Program	-	575,086	-	-	-	-	575,086	-	-	575,086
TOTAL REVENUE, GAINS AND OTHER SUPPORT	2,253,755	16,192,916	10,229,776	12,831,399	500,166	815,976	42,823,988	14,461	-	42,838,449
Expenses:										
Program services:										
Regular education	1,931,751	11,455,073	7,045,963	10,292,054	-	-	30,724,841	8,334,582	(7,296,891)	31,762,532
Special education	580,687	8,450,497	1,984,957	5,328,044	-	-	16,344,185	2,749,005	(5,168,357)	13,924,833
Pre-K	-	-	-	-	700,043	930,365	1,630,408	645,124	(284,994)	1,990,538
Total Program Services	2,512,438	19,905,570	9,030,920	15,620,098	700,043	930,365	48,699,434	11,728,711	(12,750,242)	47,677,903
Management and general	377,542	1,437,399	832,192	1,477,674	64,293	19,942	4,209,042	366,007	(779,966)	3,795,083
TOTAL OPERATING EXPENSES	2,889,980	21,342,969	9,863,112	17,097,772	764,336	950,307	52,908,476	12,094,718	(13,530,208)	51,472,986
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(636,225)	(5,150,053)	366,664	(4,266,373)	(264,170)	(134,331)	(10,084,488)	(12,080,257)	13,530,208	(8,634,537)
Support and other revenue (expense):										
Contributions:										
Foundations	58,731	380,609	4,370	-	-	-	443,710	-	-	443,710
Corporations	452,617	263,065	383,034	-	-	-	1,098,716	-	-	1,098,716
Interest income	342,695	119	161	72,518	-	-	415,493	1,453	-	416,946
Other income	-	142,166	13,305	37,266	657	659	194,053	-	-	194,053
Rental income	-	-	-	-	-	-	-	13,530,208	(13,530,208)	-
TOTAL SUPPORT AND OTHER REVENUE	854,043	785,959	400,870	109,784	657	659	2,151,972	13,531,661	(13,530,208)	2,153,425
CHANGE IN NET ASSETS BEFORE FORGIVENESS OF RELATED PARTY DEBT	217,818	(4,364,094)	767,534	(4,156,589)	(263,513)	(133,672)	(7,932,516)	1,451,404	-	(6,481,112)
Forgiveness of related party debt	(3,560,207)	530,211	360,616	84,455	38,362	14,067	(2,532,496)	30,578	-	(2,501,918)
CHANGE IN NET ASSETS	(3,342,389)	(3,833,883)	1,128,150	(4,072,134)	(225,151)	(119,605)	(10,465,012)	1,481,982	-	(8,983,030)
Net assets (deficit) at beginning of year	2,117,733	9,796,679	15,358,881	(1,152,139)	(465,674)	(88,486)	25,566,994	753,569	-	26,320,563
NET (DEFICIT) ASSETS AT END OF YEAR	\$ (1,224,656)	\$ 5,962,796	\$ 16,487,031	\$ (5,224,273)	\$ (690,825)	\$ (208,091)	\$ 15,101,982	\$ 2,235,551	\$ -	\$ 17,337,533

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

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

	No. of Positions	Program Services			Supporting Services			Total	
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Year ended June 30,	
								2025	2024
Personnel services costs:									
Administrative staff personnel	3	\$ 125,924	\$ 33,269	\$ 159,193	\$ 100,162	\$ -	\$ 100,162	\$ 259,355	\$ 874,357
Instructional personnel	9	714,467	226,595	941,062	575	-	575	941,637	2,803,620
Total personnel services costs	12	840,391	259,864	1,100,255	100,737	-	100,737	1,200,992	3,677,977
Fringe benefits and payroll taxes		131,631	40,703	172,334	15,778	-	15,778	188,112	528,063
Retirement		35,653	11,024	46,677	4,274	-	4,274	50,951	85,046
Management company fees		208,228	55,013	263,241	65,810	-	65,810	329,051	696,841
Legal service		-	-	-	18,981	-	18,981	18,981	20,190
Accounting and auditing services		-	-	-	2,868	-	2,868	2,868	17,446
Other professional and consulting services		56,550	15,137	71,687	11,945	-	11,945	83,632	357,624
Building rent / lease / facility finance interest		348,128	107,647	455,775	41,730	-	41,730	497,505	344,131
In-kind rent		-	-	-	-	-	-	-	863,263
Repairs and maintenance		10,415	3,220	13,635	1,248	-	1,248	14,883	93,056
Insurance		8,857	2,739	11,596	1,062	-	1,062	12,658	38,883
Supplies and materials		75,831	20,104	95,935	187	-	187	96,122	148,974
Equipment and furnishings		32,832	10,152	42,984	3,935	-	3,935	46,919	38,013
Staff development		19,534	6,041	25,575	2,342	-	2,342	27,917	105,276
Marketing and recruiting		42,657	13,190	55,847	5,113	-	5,113	60,960	89,249
Technology		9,394	2,690	12,084	553	-	553	12,637	95,864
Food service		130	34	164	-	-	-	164	3,506
Student services		39,144	10,748	49,892	1,080	-	1,080	50,972	205,671
Office expense		6,980	2,159	9,139	837	-	837	9,976	86,568
Depreciation and amortization		65,396	20,222	85,618	7,839	-	7,839	93,457	286,101
Other		-	-	-	91,223	-	91,223	91,223	221,966
		<u>\$ 1,931,751</u>	<u>\$ 580,687</u>	<u>\$ 2,512,438</u>	<u>\$ 377,542</u>	<u>\$ -</u>	<u>\$ 377,542</u>	<u>\$ 2,889,980</u>	<u>\$ 8,005,575</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

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

	Program Services				Supporting Services			Total	
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Year ended June 30,	
								2025	2024
Personnel services costs:									
Administrative staff personnel	18	\$ 1,097,675	\$ 448,739	\$ 1,546,414	\$ 346,376	\$ -	\$ 346,376	\$ 1,892,790	\$ 1,916,326
Instructional personnel	73	2,862,563	2,811,520	5,674,083	-	-	-	5,674,083	6,188,189
Total personnel services costs	91	3,960,238	3,260,259	7,220,497	346,376	-	346,376	7,566,873	8,104,515
Fringe benefits and payroll taxes		735,473	605,476	1,340,949	64,327	-	64,327	1,405,276	1,511,033
Retirement		61,044	50,255	111,299	5,339	-	5,339	116,638	126,967
Management company fees		1,385,159	566,265	1,951,424	487,856	-	487,856	2,439,280	1,970,498
Legal services		-	-	-	42,826	-	42,826	42,826	148,003
Accounting and auditing services		-	-	-	23,347	-	23,347	23,347	32,047
Other professional and consulting services		402,073	225,379	627,452	68,596	-	68,596	696,048	833,467
Building rent / lease / facility finance interest		3,497,141	2,879,014	6,376,155	305,872	-	305,872	6,682,027	6,808,423
Repairs and maintenance		-	-	-	-	-	-	-	2,962
Insurance		65,905	54,255	120,160	5,764	-	5,764	125,924	131,551
Supplies and materials		255,022	108,596	363,618	905	-	905	364,523	330,413
Equipment and furnishings		48,639	40,045	88,684	4,254	-	4,254	92,938	32,560
Staff development		103,433	85,151	188,584	9,047	-	9,047	197,631	211,239
Marketing and recruiting		59,986	49,385	109,371	5,247	-	5,247	114,618	198,898
Technology		86,557	62,749	149,306	5,775	-	5,775	155,081	189,409
Food service		369,487	151,050	520,537	-	-	-	520,537	651,327
Student services		123,708	64,652	188,360	2,971	-	2,971	191,331	303,350
Office expense		36,590	30,121	66,711	3,200	-	3,200	69,911	90,914
Depreciation and amortization		264,618	217,845	482,463	23,144	-	23,144	505,607	629,764
Other		-	-	-	32,553	-	32,553	32,553	(538,524)
		\$ 11,455,073	\$ 8,450,497	\$ 19,905,570	\$ 1,437,399	\$ -	\$ 1,437,399	\$ 21,342,969	\$ 21,768,816

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

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

	Program Services				Supporting Services			Total	
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Year ended June 30,	
								2025	2024
Personnel services costs:									
Administrative staff personnel	15	\$ 800,698	\$ 95,944	\$ 896,642	\$ 231,675	\$ -	\$ 231,675	\$ 1,128,317	\$ 1,808,330
Instructional personnel	38	1,997,184	803,405	2,800,589	832	-	832	2,801,421	5,302,944
Total personnel services costs	53	2,797,882	899,349	3,697,231	232,507	-	232,507	3,929,738	7,111,274
Fringe benefits and payroll taxes		441,457	141,902	583,359	36,685	-	36,685	620,044	1,340,038
Retirement		73,885	23,749	97,634	6,140	-	6,140	103,774	107,853
Management company fees		957,947	114,787	1,072,734	268,183	-	268,183	1,340,917	1,884,949
Legal services		-	-	-	18,966	-	18,966	18,966	22,607
Accounting and auditing services		-	-	-	22,862	-	22,862	22,862	33,930
Other professional and consulting services		314,272	73,465	387,737	42,275	-	42,275	430,012	961,864
Building rent / lease / facility finance interest		303,611	97,592	401,203	25,230	-	25,230	426,433	294,969
In-kind rent		1,170,777	376,334	1,547,111	97,291	-	97,291	1,644,402	3,077,819
Repairs and maintenance		27,553	8,857	36,410	2,290	-	2,290	38,700	24,786
Insurance		70,914	22,795	93,709	5,893	-	5,893	99,602	128,951
Supplies and materials		212,070	26,694	238,764	529	-	529	239,293	370,351
Equipment and furnishings		(9,441)	(3,034)	(12,475)	(784)	-	(784)	(13,259)	(19,373)
Staff development		125,804	40,438	166,242	10,454	-	10,454	176,696	204,381
Marketing and recruiting		88,532	28,458	116,990	7,357	-	7,357	124,347	176,743
Technology		85,940	23,275	109,215	5,349	-	5,349	114,564	344,830
Food service		134	16	150	-	-	-	150	10,745
Student services		94,133	16,905	111,038	2,319	-	2,319	113,357	379,336
Office expense		15,734	5,057	20,791	1,307	-	1,307	22,098	79,430
Depreciation and amortization		274,759	88,318	363,077	22,832	-	22,832	385,909	496,707
Other		-	-	-	24,507	-	24,507	24,507	400,198
		<u>\$ 7,045,963</u>	<u>\$ 1,984,957</u>	<u>\$ 9,030,920</u>	<u>\$ 832,192</u>	<u>\$ -</u>	<u>\$ 832,192</u>	<u>\$ 9,863,112</u>	<u>\$ 17,432,388</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

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

	No. of Positions	Program Services			Supporting Services			Total	
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Year ended June 30,	
								2025	2024
Personnel services costs:									
Administrative staff personnel	13	\$ 784,541	\$ 203,255	\$ 987,796	\$ 382,162	\$ -	\$ 382,162	\$ 1,369,958	\$ 840,287
Instructional personnel	51	2,314,930	1,591,347	3,906,277	6,239	-	6,239	3,912,516	1,338,197
Total personnel services costs	64	3,099,471	1,794,602	4,894,073	388,401	-	388,401	5,282,474	2,178,484
Fringe benefits and payroll taxes		462,083	267,547	729,630	57,904	-	57,904	787,534	440,037
Retirement		42,605	24,669	67,274	5,339	-	5,339	72,613	42,222
Management company fees		1,170,839	303,335	1,474,174	368,543	-	368,543	1,842,717	396,239
Legal services		-	-	-	6,067	-	6,067	6,067	243
Accounting and auditing services		-	-	-	20,240	-	20,240	20,240	16,435
Other professional and consulting services		379,208	145,410	524,618	50,831	-	50,831	575,449	253,051
Building rent / lease / facility finance interest		4,038,581	2,338,349	6,376,930	506,082	-	506,082	6,883,012	-
In-kind rent		-	-	-	-	-	-	-	704,394
Repairs and maintenance		4,062	2,352	6,414	509	-	509	6,923	42,983
Insurance		50,237	29,088	79,325	6,295	-	6,295	85,620	26,411
Supplies and materials		269,501	75,017	344,518	1,813	-	1,813	346,331	65,758
Equipment and furnishings		15,093	8,739	23,832	1,891	-	1,891	25,723	2,512
Staff development		96,829	56,064	152,893	12,134	-	12,134	165,027	90,715
Marketing and recruiting		51,732	29,953	81,685	6,483	-	6,483	88,168	26,988
Technology		86,103	42,016	128,119	7,719	-	7,719	135,838	63,093
Food service		3,783	980	4,763	-	-	-	4,763	2,721
Student services		310,623	87,578	398,201	2,782	-	2,782	400,983	61,426
Office expense		5,507	3,188	8,695	690	-	690	9,385	25,315
Depreciation and amortization		205,797	119,157	324,954	25,789	-	25,789	350,743	125,152
Other		-	-	-	8,162	-	8,162	8,162	(32,245)
		<u>\$ 10,292,054</u>	<u>\$ 5,328,044</u>	<u>\$ 15,620,098</u>	<u>\$ 1,477,674</u>	<u>\$ -</u>	<u>\$ 1,477,674</u>	<u>\$ 17,097,772</u>	<u>\$ 4,531,934</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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

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

	No. of Positions	Program Services	Supporting Services		Total	
		Pre-K	Management and general	Fundraising and special events	Year ended June 30,	
					2025	2024
Personnel services costs:						
Administrative staff personnel	-	\$ 25,000	\$ 54,995	\$ -	\$ 79,995	\$ 40,000
Instructional personnel	<u>6</u>	<u>393,024</u>	<u>-</u>	<u>-</u>	<u>393,024</u>	<u>491,978</u>
Total personnel services costs	6	418,024	54,995	-	473,019	531,978
Fringe benefits and payroll taxes		68,273	-	-	68,273	91,067
Retirement		9,624	-	-	9,624	11,391
Other professional and consulting services		19,038	9,298	-	28,336	11,170
In-kind rent		115,423	-	-	115,423	188,874
Insurance		11,825	-	-	11,825	13,589
Supplies and materials		5,350	-	-	5,350	21,200
Equipment and furnishings		-	-	-	-	2,148
Staff development		20,956	-	-	20,956	17,667
Marketing and recruiting		6,671	-	-	6,671	-
Technology		8,678	-	-	8,678	5,117
Food service		6,039	-	-	6,039	-
Student services		9,089	-	-	9,089	-
Office expense		-	-	-	-	3,342
Depreciation and amortization		1,053	-	-	1,053	9,556
Other		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,670)</u>
		<u>\$ 700,043</u>	<u>\$ 64,293</u>	<u>\$ -</u>	<u>\$ 764,336</u>	<u>\$ 898,429</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES BY PROGRAM –
PREPREP 2

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

	No. of Positions	Program Services	Supporting Services		Total	
		Pre-K 2	Management and general	Fundraising and special events	Year ended June 30,	
					2025	2024
Personnel services costs:						
Administrative staff personnel	-	\$ 18,829	\$ 5,100	\$ -	\$ 23,929	\$ -
Instructional personnel	<u>7</u>	<u>442,250</u>	<u>-</u>	<u>-</u>	<u>442,250</u>	<u>418,354</u>
Total personnel services costs	7	461,079	5,100	-	466,179	418,354
Fringe benefits and payroll taxes		73,725	-	-	73,725	92,489
Retirement		11,448	-	-	11,448	6,759
Other professional and consulting services		19,593	14,842	-	34,435	16,130
Building rent / lease / facility finance interest		284,994	-	-	284,994	60,000
Insurance		15,766	-	-	15,766	13,589
Supplies and materials		3,168	-	-	3,168	20,128
Equipment and furnishings		-	-	-	-	7,000
Staff development		18,789	-	-	18,789	18,715
Marketing and recruiting		5,239	-	-	5,239	102
Technology		7,621	-	-	7,621	8,614
Food service		17,308	-	-	17,308	610
Student services		919	-	-	919	3,040
Office expense		-	-	-	-	4,991
Depreciation and amortization		<u>10,716</u>	<u>-</u>	<u>-</u>	<u>10,716</u>	<u>15,710</u>
		<u>\$ 930,365</u>	<u>\$ 19,942</u>	<u>\$ -</u>	<u>\$ 950,307</u>	<u>\$ 686,231</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES – FRIENDS OF PUBLIC PREP

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

	No. of Positions	Program Services				Supporting Services Management and general	Total	
		Regular Education	Special Education	Other Program	Sub-total		Year ended June 30, 2025	2024
Personnel services costs:								
Non-instructional personnel	<u>2</u>	\$ 138,802	\$ 45,781	\$ 10,744	\$ 195,327	\$ -	\$ 195,327	\$ 119,036
Total personnel services costs	2	138,802	45,781	10,744	195,327		195,327	119,036
Fringe benefits and payroll taxes		17,558	5,791	1,359	24,708	-	24,708	322
Legal services		-	-	-	-	11,802	11,802	63,885
Accounting and auditing services		-	-	-	-	13,180	13,180	12,320
Other professional and consulting services		841,218	277,460	65,113	1,183,791	-	1,183,791	675,391
Building rent / lease / facility finance interest		5,945,807	1,961,113	460,226	8,367,146	-	8,367,146	3,485,811
Repairs and maintenance		350,174	115,498	27,105	492,777	-	492,777	343,091
Insurance		29,043	9,579	2,248	40,870	-	40,870	-
Utilities		393,438	129,768	30,453	553,659	-	553,659	384,316
Equipment / furnishings		72,054	23,766	5,577	101,397	-	101,397	20,877
Staff development		290	96	22	408	-	408	-
Technology		1,616	533	125	2,274	-	2,274	-
Student services		-	-	-	-	-	-	8,132
Office expense		-	-	-	-	9,689	9,689	12,828
Depreciation and amortization		544,582	179,620	42,152	766,354	-	766,354	601,321
Other		-	-	-	-	331,336	331,336	13,900
		<u>\$ 8,334,582</u>	<u>\$ 2,749,005</u>	<u>\$ 645,124</u>	<u>\$ 11,728,711</u>	<u>\$ 366,007</u>	<u>\$ 12,094,718</u>	<u>\$ 5,741,230</u>

PUBLIC PREP CHARTER SCHOOL ACADEMIES

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
Public Prep Charter School Academies

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 Public Prep Charter School Academies, 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 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Public Prep Charter School Academies’ 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 Public Prep Charter School Academies’ internal control. Accordingly, we do not express an opinion on the effectiveness of Public Prep Charter School Academies’ 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 Public Prep Charter School Academies' 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 31, 2025