ROCHESTER PREP CHARTER SCHOOLS

ROCHESTER, 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)

MMB+CO | BUSINESS ADVISORS AND CPAS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rochester Prep Charter Schools

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rochester Prep Charter Schools and its subsidiary, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rochester Prep Charter Schools and its subsidiary as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Rochester Prep Charter Schools and its subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and 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 Rochester Prep Charter Schools and its subsidiary's 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 Rochester Prep Charter Schools and its subsidiary's 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 Rochester Prep Charter Schools' June 30, 2024 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated October 24, 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 Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025 on our consideration of Rochester Prep 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 22, 2025

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ROCHESTER PREP CHARTER SCHOOLS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025
(With Comparative Totals for 2024)

ASSETS	June 30, 2025	June 30, 2024
CURRENT ASSETS		
Cash	$ 1,798,959	$ 5,243,568
Money market funds	4,531,959	16,197,925
Investments	24,130,020	5,463,550
Grants and contracts receivable	1,712,850	2,716,767
Accounts receivable	504,857	355,457
Prepaid expenses and other current assets	1,081,582	1,019,247
TOTAL CURRENT ASSETS	33,760,227	30,996,514
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $10,059,820 and $14,324,795, respectively	8,564,944	8,134,805
OTHER ASSETS		
Right-of-use assets - operating	45,467,478	46,368,190
Right-of-use assets - financing	1,757,802	1,968,921
Escrow account	273,961	261,580
	47,499,241	48,598,691
TOTAL ASSETS	$ 89,824,412	$ 87,730,010
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,880,390	$ 1,388,336
Current portion of lease liabilities - operating	1,198,287	1,173,382
Current portion of lease liabilities - financing	176,578	168,272
TOTAL CURRENT LIABILITIES	3,255,255	2,729,990
NONCURRENT LIABILITIES		
Long-term lease liabilities - operating	44,289,556	45,214,051
Long-term lease liabilities - financing	1,656,315	1,832,893
TOTAL LIABILITIES	49,201,126	49,776,934
NET ASSETS		
Without donor restrictions:		
Undesignated	33,356,396	32,453,076
Designated for capital projects	5,500,000	5,500,000
With donor restrictions	1,766,890	-
TOTAL NET ASSETS	40,623,286	37,953,076
TOTAL LIABILITIES AND NET ASSETS	$ 89,824,412	$ 87,730,010

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

ROCHESTER PREP CHARTER SCHOOLS

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	$ 42,049,661	$ -	$ 42,049,661	$ 40,587,327
Students with disabilities	2,112,933	-	2,112,933	1,834,736
Grants and contracts:				
Federal - Title and IDEA	2,807,463	-	2,807,463	2,438,971
Federal - ESSER	-	-	-	5,852,872
Federal - Other	239,712	-	239,712	172,344
Food service/child nutrition program	3,401,484	-	3,401,484	3,264,360
TOTAL REVENUE, GAINS AND OTHER SUPPORT	50,611,253	-	50,611,253	54,150,610
Expenses:				
Program services:				
Regular education	45,201,875	-	45,201,875	45,714,202
Special education	2,372,564	-	2,372,564	2,030,191
TOTAL PROGRAM SERVICES	47,574,439	-	47,574,439	47,744,393
Management and general	4,859,905	-	4,859,905	4,941,675
TOTAL OPERATING EXPENSES	52,434,344	-	52,434,344	52,686,068
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(1,823,091)	-	(1,823,091)	1,464,542
Support and other revenue:				
Contributions:				
Foundations	561,222	1,143,511	1,704,733	122,901
Individuals	224,432	631,507	855,939	123,623
Corporations	12,848	199,250	212,098	355,721
Interest income	1,340,320	-	1,340,320	1,082,494
Miscellaneous income	380,211	-	380,211	303,867
Net assets released from restriction	207,378	(207,378)	-	-
TOTAL SUPPORT AND OTHER REVENUE	2,726,411	1,766,890	4,493,301	1,988,606
CHANGE IN NET ASSETS	903,320	1,766,890	2,670,210	3,453,148
Net assets at beginning of year	37,953,076	-	37,953,076	34,499,928
NET ASSETS AT END OF YEAR	$ 38,856,396	$ 1,766,890	$ 40,623,286	$ 37,953,076

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

ROCHESTER PREP CHARTER SCHOOLS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

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

		June 30,					
		2025					2024
		Program Services			Support Services		
	No. of Positions	Regular education	Special education	Total	Management and General	Total	Total
Personnel services costs:							
Administrative staff personnel	84	$ 3,309,224	$ 171,443	$ 3,480,667	$ 2,082,458	$ 5,563,125	$ 5,482,501
Instructional personnel	310	15,571,249	812,680	16,383,929	-	16,383,929	16,087,965
Non-instructional personnel	2	92,067	4,856	96,923	-	96,923	99,524
Total salaries and staff	396	18,972,540	988,979	19,961,519	2,082,458	22,043,977	21,669,990
Fringe benefits and payroll taxes		4,156,870	218,148	4,375,018	462,411	4,837,429	4,279,609
Retirement		632,901	33,222	666,123	68,991	735,114	609,809
Management fees		4,460,824	229,471	4,690,295	826,619	5,516,914	5,968,998
Legal service		-	-	-	13,978	13,978	33,054
Accounting and audit services		-	-	-	93,000	93,000	66,899
Other professional and consulting services		329,068	17,532	346,600	-	346,600	521,622
Building and land rent		2,000,209	117,742	2,117,951	-	2,117,951	2,147,906
Repairs and maintenance		2,543,571	133,749	2,677,320	-	2,677,320	2,549,453
Insurance		-	-	-	541,001	541,001	564,619
Utilities		559,080	31,463	590,543	61,696	652,239	650,799
Supplies and materials		787,291	39,542	826,833	11,008	837,841	1,118,483
Equipment/Furnishings		357,080	18,636	375,716	29,350	405,066	404,453
Professional development		792,263	40,801	833,064	-	833,064	748,328
Marketing and recruitment		105,854	5,463	111,317	-	111,317	166,877
Technology		1,667,278	86,615	1,753,893	206,171	1,960,064	2,175,998
Food service		2,897,697	145,667	3,043,364	-	3,043,364	2,987,569
Student services		2,224,793	119,044	2,343,837	-	2,343,837	2,630,153
Office expense		813,893	40,036	853,929	395,715	1,249,644	1,244,141
Depreciation and amortization		1,367,417	78,455	1,445,872	17,620	1,463,492	1,529,918
Other		533,246	27,999	561,245	49,887	611,132	617,390
		$ 45,201,875	$ 2,372,564	$ 47,574,439	$ 4,859,905	$ 52,434,344	$ 52,686,068

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

ROCHESTER PREP CHARTER SCHOOLS

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	June 30,	
	2025	2024
CASH FLOWS - OPERATING ACTIVITIES		
Change in net assets	$ 2,670,210	$ 3,453,148
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,463,492	1,529,918
Accrued investment interest	(268,088)	(34,706)
Credit loss expense (recovery)	14,099	(40)
Changes in certain assets and liabilities affecting operations:		
Accounts receivable	(163,499)	(323,364)
Grants and other receivables	1,003,917	2,071,097
Prepaid expenses and other current assets	(62,335)	61,938
Accounts payable and accrued expenses	492,054	(355,123)
Operating lease liabilities, net of right-of-use assets	1,122	6,622
NET CASH PROVIDED FROM OPERATING ACTIVITIES	5,150,972	6,409,490
CASH FLOWS - INVESTING ACTIVITIES		
Purchases of investments	(41,044,789)	(13,749,533)
Sale of investments	22,646,407	22,067,114
Purchases of property and equipment	(1,265,836)	(2,888,309)
Construction in progress	(416,676)	(64,485)
Sale (purchases) of money market funds, net	11,665,966	(7,633,973)
NET CASH USED FOR INVESTING ACTIVITIES	(8,414,928)	(2,269,186)
CASH FLOWS - FINANCING ACTIVITIES		
Repayments on finance leases	(168,272)	(144,341)
NET CASH USED FOR FINANCING ACTIVITIES	(168,272)	(144,341)
NET (DECREASE) INCREASE IN CASH AND ESCROW ACCOUNT	(3,432,228)	3,995,963
Cash and escrow account at beginning of year	5,505,148	1,509,185
CASH AND ESCROW ACCOUNT AT END OF YEAR	$ 2,072,920	$ 5,505,148

ROCHESTER PREP CHARTER SCHOOLS

CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

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

	June 30,	
	2025	2024
Reconciliation of cash and cash in escrow account reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	$ 1,798,959	$ 5,243,568
Escrow account	273,961	261,580
Total cash and escrow account shown in the statement of cash flows	$ 2,072,920	$ 5,505,148
NON CASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use assets obtained in exchange for financing lease liabilities	$ -	$ 2,110,551
Right-of-use assets obtained in exchange for operating lease liabilities	$ 312,547	$ -

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

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Rochester Prep Charter Schools (the "Charter School"), a New York not-for-profit education corporation, together with its wholly owned subsidiary Northmark, LLC (the "Company"), (collectively, the "Organization"), prepare all students to enter and succeed in college through effort, achievement and the content of their character. On June 27, 2006, the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. On February 18, 2014, the Charter School entered into an amended and restated renewal charter agreement which included the addition of Rochester Prep Charter School 3 through July 31, 2019. On January 26, 2016 the Charter School was granted a five year renewal for all schools through July 31, 2021. On October 6, 2020 the Charter School was granted a five year renewal for all schools through July 31, 2026.

The Charter School is the sole member of Northmark, LLC, a limited liability company organized and existing under the law of the State of Delaware. The purpose of the Company's to further the educational and charitable purposes of the School and to engage in any lawful act, business or activities pursuant to the New York Real Property Law.

On January 3, 2024 the Organization changed the names of all three charters and the education corporation. The education corporation, True North Rochester Preparatory Charter School changed to Rochester Prep Charter Schools. The charter, True North Rochester Preparatory Charter School changed to Rochester Prep Charter School 1. The charter, True North Rochester Preparatory Charter School – West Campus changed to Rochester Prep Charter School 2. The charter, True North Rochester Preparatory Charter School 3 changed to Rochester Prep Charter School 3.

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principals of consolidation

The consolidated financial statements reflect the accounts and operations of the Charter School and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Classification of net assets

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

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

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 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. There were net assets with donor restrictions of $1,766,890 at June 30, 2025. There were no net assets with donor restrictions at June 30, 2024. See Note J.

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. See Note J.

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's public school district resident student enrollment and student with disabilities revenue qualifies as exchange transactions and the revenues are recognized over time.

Public school district revenue

The Organization recognizes revenue as educational programming is provided to students throughout the year. The Organization earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Organization and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Organization to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

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

The following table summarizes accounts receivable from educational programing at their respective statement of financial position dates:

	June 30,		
	2025	2024	2023
Accounts receivable	$ 342,384	$ 331,947	$ 32,616

Contributions

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

Contributions received 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 year 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.

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 statement of financial position. There was no deferred revenue at June 30, 2025 or June 30, 2024. The Organization typically fully expends their grants within the fiscal year with only minor amounts carrying forward to future periods.

Cash

Cash balances are maintained at a financial institution located in New York and are insured by the FDIC up to $250,000. 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.

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

Cash management

The cash management program is maintained in accordance with the Organization's Cash Management and Investment Policy. The goals of this policy are the preservation of principal, the maintenance of liquidity, and to obtain a competitive return on investment subject to prevailing market conditions and safe and sound investment practices. The policy was adopted by the Board in March 2019, and as of June 30, 2025 and 2024, all funds are held in treasuries or money market funds. As the policy is put into place, the funds will be separated into the following three portfolios:

- The operating portfolio will be invested in short-term instruments to fund the daily operating needs of the Organization and fund any capital outlays anticipated in the next 2 months. This portfolio will consist of no less than two months' worth of operating expenses and shall be continuously invested in readily available funds such as money market funds or bank deposits.

- The reserve portfolio, if sufficient funds are available, will be invested in short-term instruments to fund daily operating needs and capital outlays within the next twelve months. Assets within this portfolio will be permitted to have investments maturing in one year or less.

- The strategic portfolio, if sufficient funds are available, will be invested to fund operating needs anticipated over the next three years. This portfolio allows for investments with stated maturities of up to three years from the purchase date. Maturities are to be laddered to ensure flexibility of and access to funds in this portfolio.

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. 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 loss 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 of $14,099 for the year ended June 30, 2025 and recoveries of $40 for the year ended June 30, 2024.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization is 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 ten 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 are removed from the accounts and the related gain or loss is reflected in operations.

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

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

Escrow account

The Organization maintains cash in an escrow account in accordance with the terms of their charter agreement. The escrow is restricted to fund legal and other costs in the event of dissolution of the Organization.

Leases

The Organization leases, buildings 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 statement of financial position. Finance leases are included in financing lease right-of-use (ROU) assets, other current liabilities, and other long-term liabilities on the accompany 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.

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

Tax exempt status

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

The Charter School files tax returns in various jurisdictions and is subject to potential examination by taxing authorities. In addition, the Company, is a single member LLC and is disregarded for tax purposes. The Organization's current and prior three years tax returns remain subject to review by taxing authorities. Management of the Organization believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Contributed services

The Organization receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. In addition, the Organization received donated transportation services from certain local school districts as part of their responsibilities to the students residing in their districts.

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

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for year ended June 30, 2024

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset 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.

Student uniforms

Student services include various expenses including transportation, student/parent food, assignment services, student uniforms and other student related expenses.

Functional allocation of expenses

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

Reclassifications

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

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 22, 2025 which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NOTE B: RELATED PARTY TRANSACTIONS

Uncommon Schools, Inc. ("USI"), a not-for-profit organization dedicated to helping start and run charter schools, provides management and other administrative support services to the Organization. In the amended agreement dated July 1, 2019, the Organization agreed to a five-year term which is renewable yearly following the initial term. Under the agreement, the Organization pays USI a service fee of 13.5% of all recurring public revenue less facilities expenses for all schools. Recurring public revenue is defined as annual public entitlement aid including core and tuition which includes general, SPED and State special funding, and all ESSA funding which includes Title I, Title IIA, IID, III, IV, V and IDEA funding. Facilities expense includes building expenses (leases, taxes), utilities, maintenance and furniture and fixtures, and excludes building related expenditures which are capitalized and amortized/depreciated. The agreement was renewed as of July 1, 2024 for a five-year term. Under a separate board resolution, the Organization will pay USI its 12.28% proportionate share of the total incremental costs incurred by USI to address the learning loss as a result of the pandemic. The additional expense due to learning loss was charged through June 30, 2024.

As part of their relationship, USI has verbally committed to supporting the Organization's Capital Campaign. The amount of the verbal commitment at June 30, 2024 was approximately $367,000. As of June 30, 2025, this commitment has been satisfied.

The fees incurred for the years ended June 30, 2025 and 2024 were $5,516,914 and $5,968,998 respectively. At June 30, 2025 there were no amounts included in accounts receivable relating to USI. At June 30, 2024, approximately $21,600 was included in accounts receivable relating to USI, primarily from grants passed through USI. At June 30, 2025 and 2024, approximately $546,000 and $523,000, respectively, was included in accounts payable related to this fee and other expenses incurred by USI on behalf of the Organization, due to USI.

The Organization leases its Rochester Prep Middle School facilities from True North Rochester Real Estate LLC, a wholly owned subsidiary of Rochester Prep Foundation which is an entity controlled by USI (Brooks Avenue location). Effective July 1, 2023, the Organization entered into new lease agreements with True North Rochester Real Estate LLC. The lease agreement is for the term of July 1, 2023, through June 30, 2028 and is renewable for six five-year periods. Monthly payments start at $4,000 and increase 2% every year. Monthly payments for the year ended June 30, 2025 were $4,080 per month. Upon termination of the lease, the Organization has the option to purchase the building in accordance with the terms outlined in the lease agreement. See Note F for additional lease information.

Effective July 1, 2020, the Organization entered into new lease agreements with True North Jacobs Street, LLC, True North Rochester Real Estate Ames Street, LLC, True North Rochester Mark Street, LLC, Rochester Chili Avenue, LLC, and True North Andrews Street, LLC. The new lease agreements replace the existing agreements, have a start date of July 1, 2020 and have a forty-year term, expiring on June 30, 2060. Two five-year extensions are available upon expiration of the initial term. As part of a bond financing arrangement, True North Jacobs Street, LLC, True North Rochester Real Estate Ames Street, LLC, True North Rochester Mark Street, LLC, Rochester Chili Avenue, LLC, and True North Andrews Street, LLC assigned the leases and the related cash flows to Monroe County Industrial Development Corporation who also holds a mortgage on the properties. Further, the lease agreements contain both financial and non-financial covenants which must be met by the Organization. Bond proceeds of approximately $30,000,000 were utilized for the acquisition of a new facility to house the high school as well as for renovations to this property and existing properties as well as refinancing existing mortgages. See Note F for additional lease information.

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

The Organization was granted a purchase option in the new lease agreements which is calculated as 87.25% of all remaining rental payments discounted to the present value using a rate of 2.93%. The intent of the calculation, as acknowledged by all parties, is to have the price of the purchase option approximate the outstanding principal of the bond. All related expenditures of the bond settlement and other expenses related to the properties would also be added to the purchase price.

Monthly payments are as follows:

True North Jacobs Street, LLC	$ 7,565
True North Rochester Real Estate Ames Street, LLC	14,442
True North Rochester Mark Street, LLC	121,551
Rochester Chili Avenue, LLC	11,175
True North Andrews Street, LLC	17,193
Total required monthly payment	$ 171,926

NOTE C: LIQUIDITY AND AVAILABILITY

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

	June 30,	
	2025	2024
Cash	$ 1,798,959	$ 5,243,568
Money market funds	4,531,959	16,197,925
Investments	24,130,020	5,463,550
Grants and contracts receivable	1,712,850	2,716,767
Accounts receivable	504,857	355,457
Total financial assets available within one year	32,678,645	29,977,267
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(1,766,890)	-
Board designated for capital projects	(5,500,000)	(5,500,000)
	(7,266,890)	(5,500,000)
Total financial assets available to management for general expenditures within one year	$ 25,411,755	$ 24,477,267

NOTE C: LIQUIDITY AND AVAILABILITY, Cont'd

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 teaching, and public service, as well as the conduct of services undertaken to support those activities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2025 and 2024.

NOTE D: FAIR VALUE MEASUREMENTS

Accounting principles establishes a frame work for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE D: FAIR VALUE MEASUREMENTS, Cont'd

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 or 2024.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are actively traded open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to report their daily net asset value and to transact at that price.

U.S. Treasuries: Valued at the daily closing price as reported by the broker.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025 and 2024:

	Level 1	Level 2	Level 3	Total
June 30, 2025				
Mutual funds:				
Money market funds	$ 4,531,959	$ -	$ -	$ 4,531,959
Total mutual funds	4,531,959	-	-	4,531,959
U.S. Treasuries maturing from August 14, 2025 through March 19, 2026	24,130,020	-	-	24,130,020
Total assets at fair value	$28,661,979	$ -	$ -	$28,661,979
June 30, 2024				
Mutual funds:				
Money market funds	$16,197,925	$ -	$ -	$16,197,925
Total mutual funds	16,197,925	-	-	16,197,925
U.S. Treasuries maturing from August 8, 2024 through August 22, 2024	5,463,550	-	-	5,463,550
Total assets at fair value	$21,661,475	$ -	$ -	$21,661,475

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2025	2024
Furniture and fixtures	$ 1,294,155	$ 1,243,420
Computer equipment and software	871,289	6,108,311
Leasehold improvements	13,847,237	13,064,139
Land	1,503,110	1,351,433
Construction in process	1,108,973	692,297
	18,624,764	22,459,600
Less accumulated depreciation and amortization	10,059,820	14,324,795
	$ 8,564,944	$ 8,134,805

Construction in progress at June 30, 2025 and 2024 consists of costs related to multiple improvement projects. No depreciation will be taken until these assets are placed in service.

NOTE F: LEASES

The Organization has operating leases for buildings and copying machines. The leases have various remaining lease terms ranging from less than 1 year to 35 years, through June 30, 2060. In addition, the organization has a financing lease for a building with renewal options, expected to be exercised, through 2058.

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

	Consolidated Statement of Financial Position Classification	June 30,	
		2025	2024
Assets			
Other assets	Right-of-use asset - operating	$ 45,467,478	$ 46,368,190
Other assets	Right-of-use asset - financing	1,757,802	1,968,921
		$ 47,225,280	$ 48,337,111
Liabilities			
Current liabilities	Current portion of lease liabilities - operating	$ 1,198,287	$ 1,173,382
Current liabilities	Current portion of lease liabilities - financing	176,578	168,272
Other liabilities	Long-term lease liabilities - operating	44,289,556	45,214,051
Other liabilities	Long-term lease liabilities - financing	1,656,315	1,832,893
		$ 47,320,736	$ 48,388,598

NOTE F: 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	$ 211,119	$ 176,585
Interest on lease liabilities	76,404	75,743
Total finance lease costs	287,523	252,328
Operating lease cost	2,643,964	2,698,388
Total lease cost	$ 2,931,487	$ 2,950,716

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

	Finance leases	Operating leases	Total
2026	$ 245,655	$ 2,589,216	$ 2,834,871
2027	246,654	2,506,742	2,753,396
2028	247,673	2,329,758	2,577,431
2029	125,557	2,183,010	2,308,567
2030	54,056	2,137,910	2,191,966
Thereafter	2,042,885	61,943,053	63,985,938
Total lease payments	2,962,480	73,689,689	76,652,169
Less: Interest	(1,129,587)	(28,201,846)	(29,331,433)
Present value of lease liabilities	$ 1,832,893	$ 45,487,843	$ 47,320,736

NOTE F: LEASES, Cont'd

Supplemental information

	Year ended June 30,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	$ 76,999	$ 69,056
Financing cash flows for finance leases	167,677	116,073
Operating cash flows for operating leases	2,637,112	2,695,684
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Financing leases	-	2,110,551
Operating leases	312,547	-
Weighted-average remaining lease term:		
Financing leases	23.07 years	22.45 years
Operating leases	34.02 years	34.88 years
Weighted-average discount rate:		
Financing leases	3.96%	3.97%
Operating leases	3.11%	3.10%

NOTE G: RETIREMENT PLAN

The Organization participates in a defined contribution 403(b) plan covering most employees through a USI plan. For employees who have less than 2 years of service, the Organization matches employees' contributions up to the lesser of 3% of gross payroll or $3,500. For employees who have 2 to 3 years of service, the Organization will match up to the lesser of 4% of gross payroll or $4,000. For employees who have 4 years of service or more, the Organization will match up to the lesser of 5% of gross payroll or $5,000. The Organization's total contribution to the Plan for the years ended June 30, 2025 and 2024 approximated $735,000 and $610,000, 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 financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE I: CONCENTRATIONS

At both June 30, 2025 and 2024, approximately 100% of grants and contracts receivable are due from federal programs. In addition at June 30, 2025 and 2024, 29% and 47%, respectively, of accounts receivables are due from one school district.

During the years ended June 30, 2025 and 2024, 87% and 78%, respectively, of total revenue, gains and other support came from per-pupil funding provided by New York State through the school districts in which the students reside. The per-pupil rate is set annually by the state based on the school district in which the Organization's students are located.

NOTE J: NET ASSETS

Net assets without donor restrictions consist of the following:

	June 30,	
	2025	2024
Undesignated	$ 24,791,452	$ 24,318,271
Designated for capital projects	5,500,000	5,500,000
Invested in property and equipment	8,564,944	8,134,805
	$ 38,856,396	$ 37,953,076

Net assets with donor restrictions consist of the following:

	June 30,	
	2025	2024
High school athletic field project	$ 1,728,195	$ -
College access and success	35,079	-
Financial literacy	3,616	-
	$ 1,766,890	$ -

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 are allocated on the basis of estimates of time and effort.

NOTE L: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Organization recognized no revenue relative to ESSER grants during the year ended June 30, 2025. The Organization recognized $5,852,872 of revenue relative to ESSER grants during the year ended June 30, 2024. The Organization had no ESSER grants still available through September 30, 2024.

NOTE M: ROCHESTER PREP MIDDLE SCHOOL

In August 2021, Rochester Prep Middle School (MS3) opened, serving grade 5. By August 2024 the school expanded to serve grades 5-8.

NOTE N: NORTHMARK, LLC

During the year ended June 30, 2023, the Organization formed and was the sole member of Northmark, LLC, a Delaware tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The purpose of Northmark, LLC is to hold title of real property. On January 25, 2023 the Organization approved funding Northmark, LLC with up to $2,000,000 in $500,000 tranches upon request. As of June 30, 2024, $2,000,000 had been funded. On December 11, 2024 the Organization approved additional funding of up to $1,900,000 to Northmark, LLC. As of June 30, 2025, $3,810,573 has been funded in total. The funded amounts are eliminated in the consolidated financial statements.

NOTE O: CHARTER RENEWAL PROCESS

Rochester Prep Charter Schools is currently in the process of renewing the charters for each of its schools as granted by the Board of Regents of the University of the State of New York. The charters currently expire on July 31, 2026. The renewal process includes review by the SUNY Charter Schools Institute of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. Upon review of the application and results, SUNY Charter School Institute will determine if the charter should be renewed, and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Organization expects the charters to be renewed.

ROCHESTER PREP CHARTER SCHOOLS

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Rochester Prep Charter Schools

We have audited the consolidated financial statements of Rochester Prep Charter Schools and its subsidiary as of and for the year ended June 30, 2025, and we have issued our report thereon dated October 22, 2025, which expressed an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 2025 consolidated financial statements as a whole. The 2025 consolidated financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2025 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 2025 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 2025 consolidated financial statements or to the 2025 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 Rochester Prep Charter Schools and its subsidiary as of and for the year ended June 30, 2024, and our report thereon dated October 24, 2024, expressed an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 2024 consolidated financial statements as a whole. The 2024 consolidated 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, Barr & Co. LLP

Rochester, New York
October 22, 2025

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ROCHESTER PREP CHARTER SCHOOLS

CONSOLIDATED SCHEDULE OF ROCHESTER PREP CHARTER SCHOOL 1, 2 AND 3 ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Rochester Prep Charter School 1 *	Rochester Prep Charter School 2	Rochester Prep Charter School 3	Total
Revenue, gains and other support:				
Public school district				
Resident student enrollment	$ 19,421,556	$ 11,409,760	$ 11,218,345	$ 42,049,661
Students with disabilities	1,172,866	418,580	521,487	2,112,933
Grants and contracts				
Federal - Title and IDEA	1,356,514	709,167	741,782	2,807,463
Federal - ESSER	-	-	-	-
Federal - Other	164,576	50,090	25,046	239,712
Food service/child nutrition program	1,575,505	918,815	907,164	3,401,484
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	23,691,017	13,506,412	13,413,824	50,611,253
Personnel services costs:				
Administrative staff personnel	2,649,758	1,417,445	1,495,922	5,563,125
Instructional personnel	7,866,138	4,579,974	3,937,817	16,383,929
Non-instructional personnel	48,929	47,994	-	96,923
TOTAL STAFF AND SALARIES	10,564,825	6,045,413	5,433,739	22,043,977
Fringe benefits and payroll taxes	2,397,855	1,372,964	1,066,610	4,837,429
Retirement	364,474	186,107	184,533	735,114
Management fees	2,455,954	1,515,360	1,545,600	5,516,914
Legal service	5,990	3,994	3,994	13,978
Accounting and audit services	39,857	26,572	26,571	93,000
Other professional and consulting services	188,032	127,499	31,069	346,600
Building and land rent	1,651,214	362,686	104,051	2,117,951
Repairs and maintenance	1,374,371	695,095	607,854	2,677,320
Insurance	231,858	154,571	154,572	541,001
Utilities	419,419	108,603	124,217	652,239
Supplies and materials	332,369	219,072	286,400	837,841
Equipment/Furnishings	195,431	47,012	162,623	405,066
Professional development	373,927	211,200	247,937	833,064
Marketing and recruitment	50,514	30,728	30,075	111,317
Technology	919,446	552,952	487,666	1,960,064
Food service	1,196,600	974,963	871,801	3,043,364
Student services	1,264,549	592,804	486,484	2,343,837
Office expense	485,620	379,771	384,253	1,249,644
Depreciation and amortization	1,044,895	223,228	195,369	1,463,492
Other	377,365	132,387	101,380	611,132
TOTAL EXPENSES	25,934,565	13,962,981	12,536,798	52,434,344
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(2,243,548)	(456,569)	877,026	(1,823,091)
Support and other revenue:				
Contributions:				
Foundations	1,682,737	10,998	10,998	1,704,733
Individuals	732,645	61,647	61,647	855,939
Corporations	198,326	6,886	6,886	212,098
Interest income	584,840	377,740	377,740	1,340,320
Miscellaneous income	178,347	122,373	79,491	380,211
TOTAL SUPPORT AND OTHER REVENUE	3,376,895	579,644	536,762	4,493,301
CHANGE IN NET ASSETS	$ 1,133,347	$ 123,075	$ 1,413,788	$ 2,670,210

* Includes Northmark LLC

ROCHESTER PREP CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP CHARTER SCHOOL 1*

		June 30,					
		2025					2024
		Program Services			Support Services		
	No. of Positions	Regular education	Special education	Total	Management and General	Total	Total
Personnel services costs:							
Administrative staff personnel	48	$ 1,514,146	$ 96,648	$ 1,610,794	$ 1,038,964	$ 2,649,758	$ 2,751,963
Instructional personnel	143	7,394,170	471,968	7,866,138	-	7,866,138	7,716,348
Non-instructional personnel	1	45,993	2,936	48,929	-	48,929	50,804
Total salaries and staff	192	8,954,309	571,552	9,525,861	1,038,964	10,564,825	10,519,115
Fringe benefits and payroll taxes		2,027,897	129,440	2,157,337	240,518	2,397,855	2,180,317
Retirement		309,084	19,729	328,813	35,661	364,474	317,390
Management fees		1,967,412	125,579	2,092,991	362,963	2,455,954	2,609,515
Legal service		-	-	-	5,990	5,990	18,766
Accounting and audit services		-	-	-	39,857	39,857	28,671
Other professional and consulting services		176,843	11,189	188,032	-	188,032	428,833
Building and land rent		1,552,141	99,073	1,651,214	-	1,651,214	1,685,947
Repairs and maintenance		1,292,740	81,631	1,374,371	-	1,374,371	1,308,962
Insurance		-	-	-	231,858	231,858	241,980
Utilities		368,592	23,526	392,118	27,301	419,419	403,390
Supplies and materials		304,004	19,405	323,409	8,960	332,369	532,341
Equipment/Furnishings		169,550	10,822	180,372	15,059	195,431	122,694
Professional development		351,491	22,436	373,927	-	373,927	348,612
Marketing and recruitment		47,483	3,031	50,514	-	50,514	96,004
Technology		773,595	49,378	822,973	96,473	919,446	971,164
Food service		1,124,804	71,796	1,196,600	-	1,196,600	1,389,111
Student services		1,188,676	75,873	1,264,549	-	1,264,549	1,448,512
Office expense		276,279	17,635	293,914	191,706	485,620	535,841
Depreciation and amortization		969,179	61,862	1,031,041	13,854	1,044,895	1,120,132
Other		329,856	19,524	349,380	27,985	377,365	288,830
		$ 22,183,935	$ 1,413,481	$ 23,597,416	$ 2,337,149	$ 25,934,565	$ 26,596,127

* Includes Northmark LLC

ROCHESTER PREP CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP CHARTER SCHOOL 2

		June 30,					
		2025					2024
		Program Services			Support Services		
	No. of Positions	Regular education	Special education	Total	Management and General	Total	Total
Personnel services costs:							
Administrative staff personnel	18	$ 801,187	$ 33,383	$ 834,570	$ 582,875	$ 1,417,445	$ 1,414,335
Instructional personnel	80	4,396,775	183,199	4,579,974	-	4,579,974	4,544,962
Non-instructional personnel	1	46,074	1,920	47,994	-	47,994	48,720
Total salaries and staff	99	5,244,036	218,502	5,462,538	582,875	6,045,413	6,008,017
Fringe benefits and payroll taxes		1,190,990	49,625	1,240,615	132,349	1,372,964	1,171,954
Retirement		161,489	6,729	168,218	17,889	186,107	149,797
Management fees		1,233,368	51,390	1,284,758	230,602	1,515,360	1,726,943
Legal service		-	-	-	3,994	3,994	7,144
Accounting and audit services		-	-	-	26,572	26,572	19,114
Other professional and consulting services		122,399	5,100	127,499	-	127,499	76,564
Building and land rent		348,179	14,507	362,686	-	362,686	272,218
Repairs and maintenance		667,291	27,804	695,095	-	695,095	588,869
Insurance		-	-	-	154,571	154,571	161,319
Utilities		89,177	3,716	92,893	15,710	108,603	109,540
Supplies and materials		208,694	8,696	217,390	1,682	219,072	212,899
Equipment/Furnishings		41,253	1,719	42,972	4,040	47,012	87,217
Professional development		202,752	8,448	211,200	-	211,200	213,200
Marketing and recruitment		29,499	1,229	30,728	-	30,728	10,164
Technology		474,860	19,786	494,646	58,306	552,952	617,518
Food service		935,964	38,999	974,963	-	974,963	797,984
Student services		569,092	23,712	592,804	-	592,804	635,377
Office expense		224,370	9,349	233,719	146,052	379,771	413,679
Depreciation and amortization		213,523	8,897	222,420	808	223,228	196,117
Other		115,509	4,813	120,322	12,065	132,387	171,156
		$ 12,072,445	$ 503,021	$ 12,575,466	$ 1,387,515	$ 13,962,981	$ 13,646,790

ROCHESTER PREP CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP CHARTER SCHOOL 3

		June 30,					
		2025					2024
		Program Services			Support Services		
	No. of Positions	Regular education	Special education	Total	Management and General	Total	Total
Personnel services costs:							
Administrative staff personnel	18	$ 993,891	$ 41,412	$ 1,035,303	$ 460,619	$ 1,495,922	$ 1,316,203
Instructional personnel	87	3,780,304	157,513	3,937,817	-	3,937,817	3,826,655
Non-instructional personnel	-	-	-	-	-	-	-
Total salaries and staff	105	4,774,195	198,925	4,973,120	460,619	5,433,739	5,142,858
Fringe benefits and payroll taxes		937,983	39,083	977,066	89,544	1,066,610	927,338
Retirement		162,328	6,764	169,092	15,441	184,533	142,622
Management fees		1,260,044	52,502	1,312,546	233,054	1,545,600	1,632,540
Legal service		-	-	-	3,994	3,994	7,144
Accounting and audit services		-	-	-	26,571	26,571	19,114
Other professional and consulting services		29,826	1,243	31,069	-	31,069	16,225
Building and land rent		99,889	4,162	104,051	-	104,051	189,741
Repairs and maintenance		583,540	24,314	607,854	-	607,854	651,622
Insurance		-	-	-	154,572	154,572	161,320
Utilities		101,311	4,221	105,532	18,685	124,217	137,869
Supplies and materials		274,593	11,441	286,034	366	286,400	373,243
Equipment/Furnishings		146,277	6,095	152,372	10,251	162,623	194,542
Professional development		238,020	9,917	247,937	-	247,937	186,516
Marketing and recruitment		28,872	1,203	30,075	-	30,075	60,709
Technology		418,823	17,451	436,274	51,392	487,666	587,316
Food service		836,929	34,872	871,801	-	871,801	800,474
Student services		467,025	19,459	486,484	-	486,484	546,264
Office expense		313,244	13,052	326,296	57,957	384,253	294,621
Depreciation and amortization		184,715	7,696	192,411	2,958	195,369	213,669
Other		87,881	3,662	91,543	9,837	101,380	157,404
		$ 10,945,495	$ 456,062	$ 11,401,557	$ 1,135,241	$ 12,536,798	$ 12,443,151

ROCHESTER PREP CHARTER SCHOOLS

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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
Rochester Prep 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 Rochester Prep Charter Schools, which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements and have issued our report thereon dated October 22, 2025**.**

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Rochester Prep 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rochester Prep Charter Schools internal control. Accordingly, we do not express an opinion on the effectiveness of Rochester Prep 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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rochester Prep Charter Schools consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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, Barr & Co. LLP

Rochester, New York
October 22, 2025

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