

ALBANY LEADERSHIP
CHARTER SCHOOL FOR GIRLS

Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Albany Leadership Charter School for Girls

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Albany Leadership Charter School for Girls (the School) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany Leadership Charter School for Girls as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 the School'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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 audits.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's 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 the School's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
February 10, 2023

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Statements of Financial Position
June 30, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and equivalents - unrestricted	\$ 1,061,805	2,221,627
Grants and contracts receivable	1,926,943	573,044
Accounts receivable	-	1,854
Prepaid expenses	48,239	44,399
Total current assets	<u>3,036,987</u>	<u>2,840,924</u>
Property and equipment, at cost	11,113,621	11,041,641
Less accumulated depreciation	<u>(1,889,117)</u>	<u>(1,515,677)</u>
Net property and equipment	<u>9,224,504</u>	<u>9,525,964</u>
Other assets:		
Cash and equivalents - board designated	75,419	75,412
Funds held by trustee	817,800	1,034,195
Total other assets	<u>893,219</u>	<u>1,109,607</u>
Total assets	<u>\$ 13,154,710</u>	<u>13,476,495</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	338,201	177,524
Accrued payroll and benefits	393,568	329,636
Current installments of bonds payable	185,000	180,000
Total current liabilities	<u>916,769</u>	<u>687,160</u>
Long-term liabilities - bonds payable, excluding current installments, net of premium and unamortized debt issuance costs	<u>9,662,296</u>	<u>9,856,085</u>
Total liabilities	<u>10,579,065</u>	<u>10,543,245</u>
Net assets without donor restrictions:		
General operating	2,500,226	2,857,838
Board designated	75,419	75,412
Total net assets without donor restrictions	<u>2,575,645</u>	<u>2,933,250</u>
Total liabilities and net assets	<u>\$ 13,154,710</u>	<u>13,476,495</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statements of Activities

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue:		
Public school districts:		
Resident student enrollment	\$ 4,940,226	4,425,696
Students with disabilities	67,999	110,650
Grants and contracts:		
Federal	745,766	319,851
Food Service/Children Nutrition Program	193,338	35,874
State and local	<u>53,652</u>	<u>37,897</u>
Total revenue	<u>6,000,981</u>	<u>4,929,968</u>
Expenses:		
Program services:		
Regular education	4,536,802	3,666,920
Special education	510,963	601,478
Other programs	<u>225,365</u>	<u>99,594</u>
Total program services	5,273,130	4,367,992
Management and general	<u>1,127,419</u>	<u>874,857</u>
Total expenses	<u>6,400,549</u>	<u>5,242,849</u>
Loss from school operations	<u>(399,568)</u>	<u>(312,881)</u>
Support and other revenue:		
Loan forgiveness - paycheck protection program	-	654,000
Contributions	20,504	14,915
Fundraising, net	11,759	6,372
Miscellaneous income	<u>9,700</u>	<u>1,635</u>
Total support and other revenue	<u>41,963</u>	<u>676,922</u>
Change in net assets without donor restrictions	(357,605)	364,041
Net assets without donor restrictions at beginning of year	<u>2,933,250</u>	<u>2,569,209</u>
Net assets without donor restrictions at end of year	<u><u>\$ 2,575,645</u></u>	<u><u>2,933,250</u></u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statement of Functional Expenses

Year ended June 30, 2022

with comparative totals for 2021

	Program Services					Supporting Services	Total	
	No. of <u>positions</u>	Regular <u>education</u>	Special <u>education</u>	Other <u>programs</u>	<u>Total</u>	Management and <u>general</u>	<u>2022</u>	<u>2021</u>
Personnel services costs:								
Instructional personnel	38	\$ 1,758,104	216,226	-	1,974,330	-	1,974,330	1,768,945
Administrative personnel	12	252,880	72,690	-	325,570	543,026	868,596	846,827
Non-instructional personnel	9	-	-	53,042	53,042	50,501	103,543	58,166
Total salaries and staff	<u>59</u>	2,010,984	288,916	53,042	2,352,942	593,527	2,946,469	2,673,938
Fringe benefits and payroll taxes		418,409	60,112	11,036	489,557	123,490	613,047	578,876
Retirement		38,081	5,471	1,004	44,556	11,239	55,795	60,453
Legal services		17,711	2,545	-	20,256	5,110	25,366	10,034
Accounting and audit services		7,681	1,103	-	8,784	2,216	11,000	10,800
Other purchased, professional and consulting services		180,921	25,993	4,772	211,686	53,398	265,084	202,319
Rent expense		228,204	3,452	25,917	257,573	35,830	293,403	3,197
Repairs and maintenance		230,451	3,486	26,172	260,109	36,182	296,291	202,439
Insurance		69,081	1,045	7,846	77,972	10,846	88,818	91,998
Utilities		51,489	779	5,848	58,116	8,084	66,200	42,481
Supplies and materials		21,323	3,063	-	24,386	-	24,386	19,746
Uniforms		20,363	-	-	20,363	-	20,363	8,562
Equipment and furnishings		36,256	5,209	-	41,465	10,459	51,924	1,069
Staff development		12,311	1,769	-	14,080	-	14,080	5,382
Marketing and recruitment		31,262	4,491	-	35,753	9,019	44,772	38,687
Technology		266,892	38,344	-	305,236	76,996	382,232	267,163
Food services		-	-	81,384	81,384	-	81,384	21,348
Student services		132,983	-	-	132,983	-	132,983	100,740
Office expense		41,767	6,001	-	47,768	12,048	59,816	60,713
Bad debt expense		15,822	-	-	15,822	-	15,822	-
Depreciation		323,443	4,393	-	327,836	45,604	373,440	372,363
Transportation costs		65,010	9,340	-	74,350	-	74,350	-
Interest expense		316,358	45,451	8,344	370,153	93,371	463,524	470,541
Total expenses		<u>\$ 4,536,802</u>	<u>510,963</u>	<u>225,365</u>	<u>5,273,130</u>	<u>1,127,419</u>	<u>6,400,549</u>	<u>5,242,849</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statement of Functional Expenses

Year ended June 30, 2021

	Program Services					Supporting Services	
	No. of <u>positions</u>	<u>Regular education</u>	<u>Special education</u>	<u>Other programs</u>	<u>Total</u>	Management and <u>general</u>	<u>Total</u>
Personnel services costs:							
Instructional personnel	31	\$ 1,488,000	280,945	-	1,768,945	-	1,768,945
Administrative personnel	7	312,544	78,545	-	391,089	455,738	846,827
Non-instructional personnel	12	-	-	32,335	32,335	25,831	58,166
Total salaries and staff	<u>50</u>	1,800,544	359,490	32,335	2,192,369	481,569	2,673,938
Fringe benefits and payroll taxes		389,797	77,825	7,000	474,622	104,254	578,876
Retirement		40,707	8,128	731	49,566	10,887	60,453
Legal services		6,858	1,369	-	8,227	1,807	10,034
Accounting and audit services		7,381	1,474	-	8,855	1,945	10,800
Other purchased, professional and consulting services		136,235	27,200	2,447	165,882	36,437	202,319
Rent expense		2,487	38	282	2,807	390	3,197
Repairs and maintenance		157,454	2,382	17,882	177,718	24,721	202,439
Insurance		71,554	1,082	8,127	80,763	11,235	91,998
Utilities		33,041	500	3,752	37,293	5,188	42,481
Supplies and materials		16,460	3,286	-	19,746	-	19,746
Uniforms		8,562	-	-	8,562	-	8,562
Equipment and furnishings		730	146	-	876	193	1,069
Staff development		4,486	896	-	5,382	-	5,382
Marketing and recruitment		26,441	5,279	-	31,720	6,967	38,687
Technology		182,592	36,456	-	219,048	48,115	267,163
Food services		-	-	21,348	21,348	-	21,348
Student services		100,740	-	-	100,740	-	100,740
Office expense		41,495	8,285	-	49,780	10,933	60,713
Depreciation		322,509	4,381	-	326,890	45,473	372,363
Interest expense		316,847	63,261	5,690	385,798	84,743	470,541
Total expenses		<u>\$ 3,666,920</u>	<u>601,478</u>	<u>99,594</u>	<u>4,367,992</u>	<u>874,857</u>	<u>5,242,849</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ (357,605)	364,041
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities:		
Depreciation	373,440	372,363
Bad debt expense	15,822	-
Loan forgiveness - paycheck protection program	-	(654,000)
Amortization of debt issuance costs	10,685	10,685
Amortization of bond premium	(19,474)	(19,474)
Changes in:		
Grants and contracts receivable	(1,369,721)	(213,724)
Accounts receivable	1,854	2,151
Prepaid expenses	(3,840)	25,048
Accounts payable and accrued expenses	160,677	(16,889)
Accrued payroll and benefits	<u>63,932</u>	<u>(140,475)</u>
Net cash used in operating activities	(1,124,230)	(270,274)
Cash flows from investing activities - purchases of property and equipment	(71,980)	(11,925)
Cash flows from financing activities - bond principal payments	<u>(180,000)</u>	<u>(175,000)</u>
Net change in cash and equivalents	(1,376,210)	(457,199)
Cash and equivalents at beginning of year	<u>3,331,234</u>	<u>3,788,433</u>
Cash and equivalents at end of year	<u>\$ 1,955,024</u>	<u>3,331,234</u>
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	<u>\$ 472,900</u>	<u>479,900</u>
Classification of cash and equivalents:		
Unrestricted	1,061,805	2,221,627
Board designated	75,419	75,412
Funds held by trustee	<u>817,800</u>	<u>1,034,195</u>
	<u>\$ 1,955,024</u>	<u>3,331,234</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements

June 30, 2022 and 2021

(1) Organization and Purpose

Albany Leadership Charter School for Girls' (the School) mission is to prepare young women to graduate from high school with the academic and leadership skills necessary to succeed in college and the career of their choosing.

A provisional charter, valid for five years, was granted to the School by the University of the State of New York pursuant to Article 56 of the Education Law of the State of New York in 2009. In 2018, a five year charter renewal was issued which will enable the School to operate through July 31, 2023. As of June 30, 2022, the School includes grades 6 through 12 and has annualized full-time enrollment of 320 students.

The School is governed by a Board of Trustees in accordance with the School's by-laws.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(b) Basis of Presentation

The School 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. Net assets without donor restrictions represents resources available for the general support of the School's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Association. At June 30, 2022 and 2021, the School only had net assets without donor restrictions.

(c) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For purposes of the statements of cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and equivalents.

(e) Concentration of Credit Risk

Financial instruments that potentially subject the School to concentration of credit risk consist principally of cash accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Receivables

The School uses the allowance method to account for uncollectible receivables. Management has determined that no allowance was deemed necessary for the years ended June 30, 2022 and 2021.

(g) Capitalization, Depreciation and Amortization

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. Generally, property and equipment which has a cost in excess of \$5,000 at the date of acquisition and has an expected useful life of three to thirty years is capitalized.

(h) Public School District Revenue

The School receives per pupil aid passed through from each student's home public school district. The New York State Department of Education mandates the rate per pupil. The regular education per pupil rate from Albany City School District, the district from which the School receives its largest pass through of district revenue, was \$16,179 and \$15,718 for the years ended June 30, 2022 and 2021, respectively.

(i) Revenue Recognition

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the School expects to be entitled in exchange for these goods or services. The School utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the School are as follows:

Tuition and Fees

Tuition and fees revenue from public school districts are recognized over the period that services are provided.

Tuition and fees are generally nonrefundable, billed monthly and payment is typically due within 30 days of invoice. Amounts billed or received in advance are deferred and recognized when earned.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition, Continued

Tuition and fees receivables and timing of revenue recognition are as follows:

	<u>Accounts Receivables</u>	<u>Deferred Revenue</u>	<u>Revenue Recognized</u>
2022	\$ <u>1,394,672</u>	<u>-</u>	<u>5,008,225</u>
2021	\$ <u>360,530</u>	<u>-</u>	<u>4,536,346</u>
2020	\$ <u>227,616</u>	<u>-</u>	<u>4,829,657</u>

Grants and Contacts

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

(j) Donated Equipment, Materials, Supplies and Personnel Services

Donated equipment, materials and supplies are reflected in the financial statements based on the fair market value at the time of donation.

Donated personnel services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the School.

(k) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the School. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(l) Functional Expenses

The School prepares young women to graduate high school with the academic and leadership skills necessary to succeed in college and the career of their choosing. All expenses related to providing these services have been allocated to program services with the exception of certain administrative expenses. Salaries and benefits are allocated among program and support based on time and effort. Office and other expenses are allocated based on direct usage.

(m) Subsequent Events

The School has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(n) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the School and its future results and financial position is not presently determinable.

(o) Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The School presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the School has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the School are subject to examination by taxing authorities.

(3) Liquidity

The School has \$2,988,748 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$1,061,805 of cash and equivalents and \$1,926,943 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 statement of financial position date. As more fully described in note 6, the School has an escrow account with a balance of \$75,419 which it can utilize in the event of an unanticipated liquidity need as well as several reserve accounts held by a trustee with a balance of \$817,800 which were set up in accordance with provisions of their bond agreement.

(4) Grants, Contracts and Accounts Receivable

Grants, contracts and accounts receivable at of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
School district tuition	\$ 1,394,672	360,530
U.S. Department of Agriculture	26,451	17,497
U.S. Department of Education	<u>505,820</u>	<u>195,017</u>
	1,926,943	573,044
Other receivables	<u>-</u>	<u>1,854</u>
	\$ <u>1,926,943</u>	<u>574,898</u>

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(5) Property and Equipment

Property and equipment at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Construction in progress	\$ 66,491	-
Building	10,000,000	10,000,000
Improvements	420,869	420,869
Equipment	412,232	406,743
Furniture and fixtures	<u>214,029</u>	<u>214,029</u>
	11,113,621	11,041,641
Less accumulated depreciation	<u>(1,889,117)</u>	<u>(1,515,677)</u>
Net property and equipment	\$ <u>9,224,504</u>	<u>9,525,964</u>

(6) Other Assets

(a) Escrow Account

As set forth in its charter, the School established an escrow account in the amount of \$75,000 to be used upon school closure as designated by the Board of Trustees. The balance in the escrow account was \$75,419 and \$75,412 at June 30, 2022 and 2021, respectively. The balance in the escrow account is classified as board designated net assets on the statements of financial position.

(b) Funds Held by Trustee

In conjunction with the bonds payable (note 7), the School established various reserve accounts. The purpose and balance of each account at June 30, 2022 and 2021 are as follows:

Bond Fund - The School established a Bond Fund in which a reserve was established to account for future debt service requirements. The balance in the Bond Fund was \$262 and \$217,675 at June 30, 2022 and 2021, respectively.

Reserve Fund - The School established a Reserve Fund in which the School is required to maintain an amount sufficient to pay the annual debt service payments. The balance in the Reserve Fund was \$659,134 and \$658,315 at June 30, 2022 and 2021, respectively.

Repair and Replacement Fund - The School established a Repair and Replacement Reserve Fund in which the School is required to deposit and maintain an amount equal to at least \$150,000. The balance in the Repair and Replacement Reserve Fund was \$150,196 and \$150,008 at June 30, 2022 and 2021, respectively.

Project Fund - The School established a Project Fund in order to deposit proceeds from the sale of the bonds and disburse them in accordance with the bond agreement. The balance in the Project Fund was \$8,208 and \$8,197 at June 30, 2022 and 2021, respectively.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Notes to Financial Statements, Continued

(7) Bonds Payable

Bonds payable at June 30, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Bonds payable - repayment due in annual installments commencing June 1, 2020 through June 1, 2049 with interest ranging from 4% - 5% per annum. The bonds are collateralized by property located at 19 Hackett Boulevard, Albany, New York.	\$ 9,610,000	9,790,000
Less current installments	<u>(185,000)</u>	<u>(180,000)</u>
Bonds payable, excluding current installments	9,425,000	9,610,000
Plus, net unamortized debt issuance costs and bond premium	<u>237,296</u>	<u>246,085</u>
Bonds payable excluding current installments, debt issuance costs and bond premium	\$ <u>9,662,296</u>	<u>9,856,085</u>

The aggregate maturities for bonds payable for the five years following June 30, 2022 and thereafter are as follows:

2023	\$ 185,000
2024	195,000
2025	205,000
2026	210,000
2027	220,000
Thereafter	<u>8,595,000</u>
	\$ <u>9,610,000</u>

(8) Lease Obligation

The School entered into an agreement to lease a building to operate the middle school out of through June 30, 2027. Additionally, the School has an agreement for janitorial services with A.K. Cleaning Services through June 30, 2024. Total expenses for cleaning services under this contract amounted to \$158,450 and \$140,400 for the years ended June 30, 2022 and 2021, respectively. Future minimum payments under these agreements are as follows:

2023	\$ 438,100
2024	449,910
2025	302,236
2026	308,281
2027	<u>314,447</u>
	<u>\$1,812,974</u>

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(9) Retirement Plan

The School adopted a retirement plan under IRC 401(k) covering all eligible employees. Under the plan, employees are eligible to receive employer matching contributions after one year of service. The School provides a matching contribution to each eligible employee's plan at a rate determined annually by the Board of Trustees. Matching contribution rate are 2%, 4% or 6% depending on the employee's years of service. The School's retirement plan expense for the years ended June 30, 2022 and 2021 was \$55,795 and \$60,453, respectively.

(10) Concentration of Risk

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 78% and 74% of total revenue and support for the years ended June 30, 2022 and 2021, respectively.

(11) Contingency

The School has received grants which are subject to audit by agencies of the state and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior experience, the School's administration believes that disallowances, if any, will be immaterial.

INDEPENDENT AUDITORS' 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

The Board of Trustees
Albany Leadership Charter School for Girls
Albany, New York:

We have audited, in accordance with the 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 Albany Leadership Charter School for Girls (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated February 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's 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 School'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 the School's 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 an instances of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2022-001.

School's Response to Findings

Government Audit Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
February 10, 2023

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Schedule of Findings and Responses

June 30, 2022

Finding 2022-001

Criteria - New York State Education Department (NYSED) requires that audited financial statements be submitted by November 1st of each fiscal year.

Condition - The School did not submit audited financial statements to NYSED by November 1st for the fiscal year ended June 30, 2022.

Cause - Due to staffing issues, the School was unable to provide information in a timely manner to complete the audit in advance of November 1st.

Effect - The School is not in compliance with the requirements imposed by NYSED.

Recommendation - The School should increase staffing in the finance department to aid in daily operations as well as compliance with this requirement.

Management Response - See corrective action plan provided by the School Business Administrator.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Status of Prior Audit Findings

June 30, 2022

There were no audit findings in the prior year financial statements (June 30, 2021).

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Corrective Action Plan

June 30, 2022

Name of Auditee: Albany Leadership Charter School for Girls

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period covered by the Audit: Year Ended June 30, 2022

CAP Prepared by: Carina Cook, Superintendent

Phone: 518-694-5300

Current Finding on the Schedule of Findings and Responses

- 1) Finding 2022-001 - The School did not submit audited financial statements to NYSED by November 1st.
 - a. Implementation of Plan of Action - Management is interviewing candidates in order to expand staffing levels in their finance department.
 - b. Implementation Date - The School expects to have this completed by June 30, 2023.
 - c. Persons Responsible for the Implementation - The Board of Trustees and the Superintendent