

ALBANY LEADERSHIP
CHARTER SCHOOL FOR GIRLS

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 15
Other Supplemental Information - Schedule 1 - Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
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 <u>Government Auditing Standards</u>	18 - 19
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	20 - 22
Schedule of Findings and Questioned Costs	23 - 25
Status of Prior Year Findings	26
Corrective Action Plan	27 - 28

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Albany Leadership Charter School for Girls:

Report on the Financial Statements

Qualified Opinion on 2023 and Unmodified Opinion on 2022

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, 2023 and 2022, 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, except for the effects on the 2023 financial statements of the matter described in the Basis for Qualified Opinion section of our report, 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, 2023 and 2022, 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 Qualified Opinion

As more fully described in note 2(o) to the financial statements, the School has excluded certain right-of-use assets and lease liabilities from the accompanying statements of financial position that, in our opinion, should be included to conform with accounting principles generally accepted in the United States of America. Quantification of the effects on the financial statements of the preceding practice is not practicable.

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 qualified audit opinion on the 2023 financial statements and our unmodified opinion on the 2022 financial statements.

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 May 3, 2024, 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
May 3, 2024

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Statements of Financial Position
June 30, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and equivalents - unrestricted	\$ 420,156	1,061,805
Grants and contracts receivable, net of allowance for doubtful accounts of \$220,266 in 2023	1,392,171	1,926,943
Prepaid expenses	<u>34,702</u>	<u>48,239</u>
Total current assets	<u>1,847,029</u>	<u>3,036,987</u>
Property and equipment, at cost	11,519,272	11,113,621
Less accumulated depreciation	<u>(2,270,678)</u>	<u>(1,889,117)</u>
Net property and equipment	<u>9,248,594</u>	<u>9,224,504</u>
Other assets:		
Cash and equivalents - board designated	5,421	75,419
Funds held by trustee	<u>965,344</u>	<u>817,800</u>
Total other assets	<u>970,765</u>	<u>893,219</u>
Total assets	<u><u>\$ 12,066,388</u></u>	<u><u>13,154,710</u></u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	722,773	338,201
Accrued payroll and benefits	378,672	393,568
Current installments of bonds payable	<u>195,000</u>	<u>185,000</u>
Total current liabilities	<u>1,296,445</u>	<u>916,769</u>
Long-term liabilities - bonds payable, excluding current installments, net of premium and unamortized debt issuance costs	<u>9,458,507</u>	<u>9,662,296</u>
Total liabilities	<u>10,754,952</u>	<u>10,579,065</u>
Net assets without donor restrictions:		
General operating	1,306,015	2,500,226
Board designated	<u>5,421</u>	<u>75,419</u>
Total net assets without donor restrictions	<u>1,311,436</u>	<u>2,575,645</u>
Total liabilities and net assets	<u><u>\$ 12,066,388</u></u>	<u><u>13,154,710</u></u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statements of Activities

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue:		
Public school districts:		
Resident student enrollment	\$ 5,573,079	4,940,226
Students with disabilities	65,926	67,999
Grants and contracts:		
Federal	1,025,453	745,766
Food Service/Children Nutrition Program	169,597	193,338
State and local	<u>46,101</u>	<u>53,652</u>
Total revenue	<u>6,880,156</u>	<u>6,000,981</u>
Expenses:		
Program services:		
Regular education	5,640,080	4,536,802
Special education	334,876	510,963
Other programs	<u>379,369</u>	<u>225,365</u>
Total program services	6,354,325	5,273,130
Supporting services - management and general	<u>1,885,725</u>	<u>1,127,419</u>
Total expenses	<u>8,240,050</u>	<u>6,400,549</u>
Loss from school operations	<u>(1,359,894)</u>	<u>(399,568)</u>
Support and other revenue:		
Contributions	4,957	20,504
Fundraising, net	8,931	11,759
Miscellaneous income	<u>81,797</u>	<u>9,700</u>
Total support and other revenue	<u>95,685</u>	<u>41,963</u>
Change in net assets without donor restrictions	(1,264,209)	(357,605)
Net assets without donor restrictions at beginning of year	<u>2,575,645</u>	<u>2,933,250</u>
Net assets without donor restrictions at end of year	<u><u>\$ 1,311,436</u></u>	<u><u>2,575,645</u></u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statement of Functional Expenses

Year ended June 30, 2023

with comparative totals for 2022

	Program Services					Supporting Services	Total	
	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>2023</u>	<u>2022</u>
Personnel services costs:								
Instructional personnel	51	\$ 2,385,360	200,721	-	2,586,081	-	2,586,081	1,974,330
Administrative personnel	22	212,702	-	-	212,702	1,031,060	1,243,762	868,596
Non-instructional personnel	4	-	-	67,463	67,463	107,033	174,496	103,543
Total salaries and staff	<u>77</u>	2,598,062	200,721	67,463	2,866,246	1,138,093	4,004,339	2,946,469
Fringe benefits and payroll taxes		409,693	31,652	10,638	451,983	179,468	631,451	613,047
Retirement		31,075	2,401	807	34,283	13,613	47,896	55,795
Legal services		14,699	1,136	-	15,835	6,288	22,123	25,366
Accounting and audit services		7,442	575	-	8,017	3,183	11,200	11,000
Other purchased, professional and consulting services		192,314	14,858	4,993	212,165	84,244	296,409	265,084
Rent expense		333,106	5,039	37,830	375,975	52,300	428,275	293,403
Repairs and maintenance		348,559	5,272	39,586	393,417	54,726	448,143	296,291
Insurance		88,333	1,336	10,032	99,701	13,869	113,570	88,818
Utilities		50,934	770	5,785	57,489	7,997	65,486	66,200
Supplies and materials		64,136	4,955	-	69,091	-	69,091	24,386
Uniforms		25,250	-	-	25,250	-	25,250	20,363
Equipment and furnishings		54,873	4,239	-	59,112	23,471	82,583	51,924
Staff development		8,614	665	-	9,279	-	9,279	14,080
Marketing and recruitment		47,522	3,671	-	51,193	20,327	71,520	44,772
Technology		196,497	15,181	-	211,678	84,051	295,729	382,232
Food services		-	-	194,548	194,548	-	194,548	81,384
Student services		101,108	-	-	101,108	-	101,108	132,983
Office expense		65,016	5,023	-	70,039	27,809	97,848	59,816
Bad debt expense		246,613	-	-	246,613	-	246,613	15,822
Depreciation		330,475	4,489	-	334,964	46,597	381,561	373,440
Transportation costs		129,701	10,020	-	139,721	-	139,721	74,350
Interest expense		296,058	22,873	7,687	326,618	129,689	456,307	463,524
Total expenses		<u>\$ 5,640,080</u>	<u>334,876</u>	<u>379,369</u>	<u>6,354,325</u>	<u>1,885,725</u>	<u>8,240,050</u>	<u>6,400,549</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statement of Functional Expenses

Year ended June 30, 2022

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

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statements of Cash Flows

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ (1,264,209)	(357,605)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Depreciation	381,561	373,440
Bad debt expense	246,613	15,822
Amortization of debt issuance costs	10,685	10,685
Amortization of bond premium	(19,474)	(19,474)
Changes in:		
Grants and contracts receivable	288,159	(1,369,721)
Accounts receivable	-	1,854
Prepaid expenses	13,537	(3,840)
Accounts payable and accrued expenses	384,572	160,677
Accrued payroll and benefits	<u>(14,896)</u>	<u>63,932</u>
Net cash provided by (used in) operating activities	26,548	(1,124,230)
Cash flows from investing activities - purchases of property and equipment	(405,651)	(71,980)
Cash flows from financing activities - bond principal payments	<u>(185,000)</u>	<u>(180,000)</u>
Net change in cash and equivalents	(564,103)	(1,376,210)
Cash and equivalents at beginning of year	<u>1,955,024</u>	<u>3,331,234</u>
Cash and equivalents at end of year	<u><u>\$ 1,390,921</u></u>	<u><u>1,955,024</u></u>
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	<u>\$ 465,700</u>	<u>472,900</u>
Classification of cash and equivalents:		
Unrestricted	420,156	1,061,805
Board designated	5,421	75,419
Funds held by trustee	<u>965,344</u>	<u>817,800</u>
	<u><u>\$ 1,390,921</u></u>	<u><u>1,955,024</u></u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements

June 30, 2023 and 2022

(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. The School includes grades 6 through 12 and has annualized full-time enrollment of 363 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, 2023 and 2022, 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 concentrations of credit risk consist principally of cash accounts in financial institutions. The School maintains financial instruments at financial institutions which periodically may exceed federally insured limits. At June 30, 2023 and 2022, the School had \$715,422 and \$1,480,443, respectively, in excess of the federally insured limits.

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. As of June 30, 2023, management has established an allowance for doubtful accounts of \$220,266. Management has determined that no allowance was deemed necessary for the year ended June 30, 2022.

(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 \$16,653 and \$16,179 for the years ended June 30, 2023 and 2022, 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>
2023	\$ <u>30,160</u>	<u>345,528</u>	<u>5,639,005</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>

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) Contributed Nonfinancial Assets

Contributed nonfinancial assets are reflected in the financial statements based on the fair market value at the time of donation.

Contributed 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) 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.

(o) Leases

Accounting Standards Codification (ASC) 842 - Leases, requires that certain contracts containing leases be recognized on the statement of financial position as right-of-use assets and lease liabilities and was effective for the year ended June 30, 2023. The School has reviewed the requirements of ASC 842 and determined that adoption of ASC 842 would not be cost beneficial for the School. Accordingly, the School has presented leases in the accompanying financial statements in accordance with prior guidance (ASC 840).

(3) Liquidity

The School has \$1,812,327 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$420,156 of cash and equivalents and \$1,392,171 of net 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 2023 statement of financial position date. As more fully described in note 6, the School has an escrow account with a balance of \$5,421 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 \$965,344 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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
School district tuition, net	\$ 30,160	1,394,672
U.S. Department of Agriculture	26,831	26,451
U.S. Department of Education	<u>1,335,180</u>	<u>505,820</u>
	\$ <u>1,392,171</u>	<u>1,926,943</u>

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(5) Property and Equipment

Property and equipment at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Construction in progress	\$ -	66,491
Building	10,317,733	10,000,000
Improvements	420,869	420,869
Equipment	445,539	412,232
Furniture and fixtures	<u>335,131</u>	<u>214,029</u>
	11,519,272	11,113,621
Less accumulated depreciation	<u>(2,270,678)</u>	<u>(1,889,117)</u>
Net property and equipment	\$ <u>9,248,594</u>	<u>9,224,504</u>

(6) Other Assets

(a) Escrow Account

As set forth in its charter, the School established an escrow account to be used upon school closure as designated by the Board of Trustees. The balance in the escrow account was \$5,421 and \$75,419 at June 30, 2023 and 2022, 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, 2023 and 2022 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 \$118,982 and \$262 at June 30, 2023 and 2022, 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 \$682,374 and \$659,134 at June 30, 2023 and 2022, 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 \$155,491 and \$150,196 at June 30, 2023 and 2022, 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 \$8,497 and \$8,208 at June 30, 2023 and 2022, respectively.

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

(7) Bonds Payable

Bonds payable at June 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</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.	\$ 9,425,000	9,610,000
Less current installments	<u>(195,000)</u>	<u>(185,000)</u>
Bonds payable, excluding current installments	9,230,000	9,425,000
Plus bond premium and net of unamortized debt issuance costs	<u>228,507</u>	<u>237,296</u>
Bonds payable excluding current installments, debt issuance costs and bond premium	\$ <u>9,458,507</u>	<u>9,662,296</u>

The aggregate maturities for bonds payable for the five years following June 30, 2023 and thereafter are as follows:

2024	\$ 195,000
2025	205,000
2026	210,000
2027	220,000
2028	230,000
Thereafter	<u>8,365,000</u>
	\$ <u>9,425,000</u>

(8) Lease Obligation

The School entered into an agreement to lease a building to operate the middle school through June 30, 2027. Additionally, the School has an agreement for janitorial services with A.K. Cleaning Services through June 30, 2024 for both its middle school and high school buildings. Total rent expense related to the middle school building amounted to \$290,500 for the year ended June 30, 2023. Total cleaning expenses related to the middle school and high school buildings amounted to \$266,942 and \$158,450 for the years ended June 30, 2023 and 2022, respectively. Future minimum payments under these agreements are as follows:

2024	\$ 449,910
2025	302,236
2026	308,281
2027	<u>314,447</u>
	\$ <u>1,374,874</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, 2023 and 2022 was \$47,896 and \$55,795, 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 77% and 78% of total revenue and support for the years ended June 30, 2023 and 2022, 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.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Other Supplemental Information
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture:				
Passed-through New York State Department of Education:				
Child Nutrition Cluster:				
National School Breakfast Program	10.553	N/A	\$ 34,742	-
National School Lunch Program	10.555	N/A	124,590	-
Summer Food Service Program for Children	10.559	N/A	7,087	-
Total Child Nutrition Cluster			166,419	-
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	9,774	-
Total U.S. Department of Agriculture			176,193	-
U.S. Department of Education:				
Passed-through New York State Department of Education:				
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	0021-23-4645	187,790	-
Supporting Effective Instruction State Grants	84.367	0147-23-4645	22,931	-
Student Support and Academic Enrichment Program	84.424	0204-23-4645	10,000	-
COVID-19 - Education Stabilization Fund:				
Elementary and Secondary Schools Emergency Relief Fund	84.425D	5891-21-4645	146,902	-
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-4645	648,056	-
Total COVID-19 Education Stabilization Fund			794,958	-
Total U.S. Department of Education			1,015,679	-
Federal Communications Commission - passed- through Universal Service Administration Company - Emergency Connectivity Fund Program	32.009	N/A	45,931	-
Total Expenditures of Federal Awards			\$ 1,237,803	-

See accompanying notes to schedule of expenditures of federal awards.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs administered by the Albany Leadership Charter School for Girls (the School). Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the schedule of expenditures of federal awards.

(2) Basis of Accounting

The information is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) Indirect Costs

The School has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**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, 2023, 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 May 3, 2024.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-004, that we consider to be a material weakness.

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 instance 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 2023-001.

School's Response to Findings

Government Audit Standards requires the auditor to perform limited procedures on the School's response to the findings 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
May 3, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Albany Leadership Charter School for Girls' (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
May 3, 2024

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Qualified

Internal control over financial reporting:

- | | | |
|--|-------------------|----------------------------|
| 1. Material weakness(es) identified? | <u> X </u> Yes | <u> </u> No |
| 2. Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |
| 3. Noncompliance material to financial statements noted? | <u> X </u> Yes | <u> </u> No |

Federal Awards:

Internal control over major programs:

- | | | |
|--|-------------------|----------------------------|
| 4. Material weakness(es) identified? | <u> X </u> Yes | <u> </u> No |
| 5. Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

Type of auditors' report issued on compliance for the major program:

Unmodified

- | | | |
|--|-------------------|-----------------|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance): | <u> </u> Yes | <u> X </u> No |
|--|-------------------|-----------------|

7. The School's major program audited was:

Assistance Listing
Number

Name of Federal Program

COVID-19 - Education Stabilization Fund

84.425

8. Dollar threshold used to distinguish between Type A and Type B programs.

\$750,000

9. Auditee qualified as low-risk auditee?

 Yes X No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

See finding 2023-001 and 2023-004.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

See finding 2023-002 and 2023-003.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Schedule of Findings and Questioned Costs, Continued

Finding 2023-001

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, 2023.

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 Superintendent.

Finding 2023-002

Criteria - Approvals of wages/salary contracts are required by the employee and the principal.

Condition - Our testing revealed two instances out of a sample of three employees, whose salary contracts did not contain appropriate approvals. Additionally, there was one instance out of the three employees where timesheets containing approved hours worked could not be obtained and whose hourly rate was paid at an amount greater than the approved amount.

Cause - Due to inadequate record keeping, the School was unable to locate salary contracts for two employees, timesheets for one individual could not be located, and the one employee was paid at an unapproved rate.

Effect - The School is not in compliance with its established controls.

Recommendation - We recommend that the School monitor its policies and procedures for wages/salary contract approvals and keep signed copies in the employees personnel file, and maintain electronic records of approved timesheets.

Management Response - See corrective action plan provided by the Superintendent.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Schedule of Findings and Questioned Costs, Continued

Finding 2023-003

Criteria - Management is responsible for establishing and maintaining effective internal controls and for the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition - The Data Collection Form for the year ended June 30, 2023 was not filed with the Federal Audit Clearinghouse within nine months after year-end.

Cause - The late filing resulted from a lack of internal controls over Federal financial reporting.

Effect - The Data Collection Form for the year ended June 30, 2023 was not filed with the Federal Audit Clearinghouse within nine months after year-end.

Recommendation - Albany Leadership Charter School for Girls should establish accounting procedures to properly identify Federal expenditures and implement controls to complete the timely submission of the Data Collection Form.

Management's Response - See corrective action plan provided by the Superintendent.

Finding 2023-004

Criteria - Management is responsible for maintaining accurate accounting records.

Condition - The accounting records did not accurately reflect appropriate balances for a majority of the statement of financial position accounts.

Cause - The inaccurate accounting records were a result of turnover in the School Business Administrator position.

Effect - Twenty-one audit adjusting journal entries amounting to \$3,339,793 were required in order to correct the balances of the accounting records of the School.

Recommendation - We recommend that significant statement of financial position accounts be reconciled at year-end to ensure accounting records accurately reflect appropriate balances.

Management's Response - See corrective action plan provided by the Superintendent.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Status of Prior Audit Findings

June 30, 2023

Finding 2022-001

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

Status - This finding is repeated as finding 2023-001.

Finding 2022-002

Condition - Our testing revealed two instances out of a sample of two employees, whose salary contracts could not be obtained and reviewed for approval.

Status - This finding is repeated as finding 2023-002.

Finding 2022-003

Condition - The Data Collection Form for the year ended June 30, 2022 was not filed with the Federal Audit Clearinghouse within nine months after year end.

Status - This finding is repeated as finding 2023-003.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Corrective Action Plan

June 30, 2023

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, 2023

CAP Prepared by: Carina Cook, Superintendent

Phone: 518-694-5300

Current Finding on the Schedule of Findings and Responses

- (1) Finding 2023-001 - 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, 2024.
 - c. Persons Responsible for the Implementation - The Board of Trustees and the Superintendent
- (2) Finding 2023-002 - Salary contracts for two employees could not be reviewed for approval. Timesheets for hours worked could not be obtained and the approved hourly rate did not match the rate used to pay the employee.
 - a. Implementation of Plan of Action - Management will begin keeping signed copies of employee salary contracts and hourly rates in the employee's personnel file, and maintaining electronic copies of timecards.
 - b. Implementation Date - The School expects to have this completed by June 30, 2024.
 - c. Persons Responsible for the Implementation - The Board of Trustees and the Superintendent.
- (3) Finding 2023-003 - The Data Collection Form for the year ended June 30, 2023 was not filed with the Federal Audit Clearinghouse within nine months after year end.
 - a. Implementation of Plan of Action - Management will work with the auditors for timely completion of the audit and filing of the Data Collection Form.
 - b. Implementation Date - Management expects to have this completed March 31, 2025.
 - c. Persons Responsible for the Implementation - The Board of Trustees and the Superintendent.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Corrective Action Plan, Continued

Current Finding on the Schedule of Findings and Responses, Continued:

(4) Audit Finding 2023-004 - Significant Audit Adjusting Journal Entries

- a. Comments on the finding and recommendation - Management agrees with the finding. Management also agrees with the recommendation. See below for actions taken.
- b. Actions Taken - Management will reconcile significant statement of financial position accounts at year-end to ensure accounting records accurately reflect appropriate balances.
- c. Anticipated Completion Date - Management anticipates this finding will be resolved by the start of the June 30, 2024 audit.