

ALBANY LEADERSHIP
CHARTER HIGH SCHOOL FOR GIRLS

Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Albany Leadership Charter High School for Girls (a nonprofit organization) (the School), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany Leadership Charter High School for Girls as of June 30, 2021 and 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2021, 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
November 1, 2021

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Financial Position
 June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and equivalents - unrestricted	\$ 2,221,627	2,676,584
Grants and contracts receivable	573,044	359,320
Accounts receivable	1,854	4,005
Prepaid expenses	44,399	69,447
Total current assets	<u>2,840,924</u>	<u>3,109,356</u>
Property and equipment, at cost	11,041,641	11,029,716
Less accumulated depreciation	<u>(1,515,677)</u>	<u>(1,143,314)</u>
Net property and equipment	<u>9,525,964</u>	<u>9,886,402</u>
Other assets:		
Cash and equivalents - Board designated	75,412	75,376
Funds held by trustee	<u>1,034,195</u>	<u>1,036,473</u>
Total other assets	<u>1,109,607</u>	<u>1,111,849</u>
Total assets	<u>\$ 13,476,495</u>	<u>14,107,607</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	177,524	194,413
Accrued payroll and benefits	329,636	470,111
Current installments of bonds payable	<u>180,000</u>	<u>175,000</u>
Total current liabilities	<u>687,160</u>	<u>839,524</u>
Long-term liabilities:		
Bonds payable, excluding current installments, net of premium and unamortized debt issuance costs	9,856,085	10,044,874
Promissory note - paycheck protection program	<u>-</u>	<u>654,000</u>
Total long-term liabilities	<u>9,856,085</u>	<u>10,698,874</u>
Total liabilities	<u>10,543,245</u>	<u>11,538,398</u>
Net assets without donor restrictions:		
General operating	2,857,838	2,493,833
Board designated	<u>75,412</u>	<u>75,376</u>
Total net assets without donor restrictions	<u>2,933,250</u>	<u>2,569,209</u>
Total liabilities and net assets	<u>\$ 13,476,495</u>	<u>14,107,607</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Activities
 Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue:		
Public school districts:		
Resident student enrollment	\$ 4,425,696	4,716,502
Students with disabilities	110,650	113,155
Grants and contracts:		
Federal	319,851	159,261
Food Service/Children Nutrition Program	35,874	129,479
State and local	<u>37,897</u>	<u>224,030</u>
Total revenue	<u>4,929,968</u>	<u>5,342,427</u>
Expenses:		
Program services:		
Regular education	3,666,920	3,805,338
Special education	601,478	609,569
Other programs	<u>99,594</u>	<u>163,119</u>
Total program services	4,367,992	4,578,026
Management and general	<u>874,857</u>	<u>909,367</u>
Total expenses	<u>5,242,849</u>	<u>5,487,393</u>
Loss from school operations	<u>(312,881)</u>	<u>(144,966)</u>
Support and other revenue:		
Loan forgiveness - paycheck protection program	654,000	-
Contributions	14,915	5,001
Fundraising, net	6,372	4,073
Miscellaneous income	<u>1,635</u>	<u>24,994</u>
Total support and other revenue	<u>676,922</u>	<u>34,068</u>
Change in net assets without donor restrictions	364,041	(110,898)
Net assets without donor restrictions at beginning of year	<u>2,569,209</u>	<u>2,680,107</u>
Net assets without donor restrictions at end of year	<u>\$ 2,933,250</u>	<u>2,569,209</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Statement of Functional Expenses

Year ended June 30, 2021

with comparative totals for 2020

	Program Services					Supporting Services	Total	
	No. of positions	Regular education	Special education	Other programs	Total	Management and general	2021	2020
Personnel services costs:								
Instructional personnel	31	\$ 1,488,000	280,945	-	1,768,945	-	1,768,945	2,010,584
Administrative personnel	7	312,544	78,545	-	391,089	455,738	846,827	923,380
Non-instructional personnel	12	-	-	32,335	32,335	25,831	58,166	78,438
Total salaries and staff	<u>50</u>	1,800,544	359,490	32,335	2,192,369	481,569	2,673,938	3,012,402
Fringe benefits and payroll taxes		389,797	77,825	7,000	474,622	104,254	578,876	605,776
Retirement		40,707	8,128	731	49,566	10,887	60,453	68,650
Legal services		6,858	1,369	-	8,227	1,807	10,034	16,708
Accounting and audit services		7,381	1,474	-	8,855	1,945	10,800	10,800
Other purchased, professional and consulting services		136,235	27,200	2,447	165,882	36,437	202,319	164,749
Rent expense		2,487	38	282	2,807	390	3,197	45,227
Repairs and maintenance		157,454	2,382	17,882	177,718	24,721	202,439	221,131
Insurance		71,554	1,082	8,127	80,763	11,235	91,998	81,930
Utilities		33,041	500	3,752	37,293	5,188	42,481	37,945
Supplies and materials		16,460	3,286	-	19,746	-	19,746	34,036
Uniforms		8,562	-	-	8,562	-	8,562	15,562
Equipment and furnishings		730	146	-	876	193	1,069	1,211
Staff development		4,486	896	-	5,382	-	5,382	10,096
Marketing and recruitment		26,441	5,279	-	31,720	6,967	38,687	42,700
Technology		182,592	36,456	-	219,048	48,115	267,163	88,564
Food services		-	-	21,348	21,348	-	21,348	60,070
Student services		100,740	-	-	100,740	-	100,740	108,946
Office expense		41,495	8,285	-	49,780	10,933	60,713	45,733
Bad debt expense		-	-	-	-	-	-	1,168
Depreciation		322,509	4,381	-	326,890	45,473	372,363	367,751
Interest expense		316,847	63,261	5,690	385,798	84,743	470,541	446,238
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>	<u>5,487,393</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
Statement of Functional Expenses
Year ended June 30, 2020

	Program Services					Supporting Services	<u>Total</u>
	<u>No. of positions</u>	<u>Regular education</u>	<u>Special education</u>	<u>Other programs</u>	<u>Total</u>	Management and <u>general</u>	
Personnel services costs:							
Instructional personnel	35	\$ 1,688,503	322,081	-	2,010,584	-	2,010,584
Administrative personnel	11	332,296	74,521	-	406,817	516,563	923,380
Non-instructional personnel	17	-	-	48,315	48,315	30,123	78,438
Total salaries and staff	<u>63</u>	2,020,799	396,602	48,315	2,465,716	546,686	3,012,402
Fringe benefits and payroll taxes		406,371	79,754	9,716	495,841	109,935	605,776
Retirement		46,053	9,038	1,101	56,192	12,458	68,650
Legal services		11,432	2,244	-	13,676	3,032	16,708
Accounting and audit services		7,390	1,450	-	8,840	1,960	10,800
Other purchased, professional and consulting services		110,518	21,690	2,643	134,851	29,898	164,749
Rent expense		35,177	532	3,995	39,704	5,523	45,227
Repairs and maintenance		171,992	2,602	19,533	194,127	27,004	221,131
Insurance		63,724	964	7,237	71,925	10,005	81,930
Utilities		29,513	446	3,352	33,311	4,634	37,945
Supplies and materials		28,452	5,584	-	34,036	-	34,036
Uniforms		15,562	-	-	15,562	-	15,562
Equipment and furnishings		828	163	-	991	220	1,211
Staff development		8,440	1,656	-	10,096	-	10,096
Marketing and recruitment		29,217	5,734	-	34,951	7,749	42,700
Technology		60,599	11,893	-	72,492	16,072	88,564
Food services		-	-	60,070	60,070	-	60,070
Student services		108,946	-	-	108,946	-	108,946
Office expense		31,294	6,141	-	37,435	8,298	45,733
Bad debt expense		1,168	-	-	1,168	-	1,168
Depreciation		318,515	4,326	-	322,841	44,910	367,751
Interest expense		299,348	58,750	7,157	365,255	80,983	446,238
Total expenses		<u>\$ 3,805,338</u>	<u>609,569</u>	<u>163,119</u>	<u>4,578,026</u>	<u>909,367</u>	<u>5,487,393</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ 364,041	(110,898)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Depreciation	372,363	367,751
Loan forgiveness - paycheck protection program	(654,000)	-
Bad debt expense	-	1,168
Amortization of debt issuance costs	10,685	10,685
Amortization of bond premium	(19,474)	(19,474)
Changes in:		
Grants and contracts receivable	(213,724)	(262,058)
Accounts receivable	2,151	(1,969)
Prepaid expenses	25,048	(596)
Accounts payable and accrued expenses	(16,889)	87,253
Accrued payroll and benefits	(140,475)	25,511
Net cash provided by (used in) operating activities	<u>(270,274)</u>	<u>97,373</u>
Cash flows from investing activities - purchases of property and equipment	<u>(11,925)</u>	<u>(10,123,882)</u>
Cash flows from financing activities:		
Proceeds from bond issuance	-	10,200,000
Bond principal payments	(175,000)	(235,000)
Proceeds from promissory note - paycheck protection program	-	654,000
Payments for debt issuance costs	-	(320,553)
Proceeds from premium	-	584,216
Net cash provided by (used in) financing activities	<u>(175,000)</u>	<u>10,882,663</u>
Net change in cash and equivalents	(457,199)	856,154
Cash and equivalents at beginning of year	<u>3,788,433</u>	<u>2,932,279</u>
Cash and equivalents at end of year	<u>\$ 3,331,234</u>	<u>3,788,433</u>
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	<u>\$ 479,900</u>	<u>415,905</u>
Classification of cash and equivalents:		
Unrestricted	2,221,627	2,676,584
Board designated	75,412	75,376
Funds held by trustee	<u>1,034,195</u>	<u>1,036,473</u>
	<u>\$ 3,331,234</u>	<u>3,788,433</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements

June 30, 2021 and 2020

(1) Organization and Purpose

Albany Leadership Charter High 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, 2021, the School includes grades 9 through 12 and has annualized full-time enrollment of 305 students in four grades.

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, 2021 and 2020, 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 HIGH 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, 2021 and 2020.

(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 \$15,718 and \$15,861 for the years ended June 30, 2021 and 2020, respectively.

(i) Deferred Revenue and Revenue Recognition

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.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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.

Subsequent to year end, the School expanded to include grades six through eight. Additionally, the legal name of the School changed to Albany Leadership Charter School for Girls.

(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 of the COVID-19 on a national, regional and local level are unknown, but has 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.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(3) Liquidity

The School has \$2,796,525 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$2,221,627 of cash and equivalents and \$574,898 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 2021 statement of financial position date. As more fully described in note 6, the School has an escrow account with a balance of \$75,412 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 \$1,034,195 which were set up in accordance with provisions of their bond agreement.

(4) Grants, Contracts and Accounts Receivable

Grants, contracts and accounts receivable as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
School district tuition	\$ 360,530	227,616
U.S. Department of Agriculture	17,497	4,145
U.S. Department of Education	<u>195,017</u>	<u>127,559</u>
	573,044	359,320
Other receivables	<u>1,854</u>	<u>4,005</u>
	<u>\$ 574,898</u>	<u>363,325</u>

(5) Property and Equipment

Property and equipment as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Building	\$ 10,000,000	10,000,000
Improvements	420,869	420,869
Equipment	406,743	394,818
Furniture and fixtures	<u>214,029</u>	<u>214,029</u>
	11,041,641	11,029,716
Less: accumulated depreciation	<u>(1,515,677)</u>	<u>(1,143,314)</u>
Net property and equipment	<u>\$ 9,525,964</u>	<u>9,886,402</u>

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(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 \$75,412 and \$75,376 as of June 30, 2021 and 2020, 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 as of June 30, 2021 and 2020 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 \$217,675 and \$220,029 as of June 30, 2021 and 2020, 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 \$658,315 and \$658,246 as of June 30, 2021 and 2020, 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 \$150,008 and \$150,001 as of June 30, 2021 and 2020, 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 \$8,197 as of June 30, 2021 and 2020.

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

(7) Bonds Payable

Bonds payable at June 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Bonds payable - repayment due in annual installments commencing June 1, 2020 through June 1, 2049 with interest ranging from 4.00% - 5.00% per annum. The bonds are collateralized by property located at 19 Hackett Boulevard, Albany, New York.	\$ 9,790,000	9,965,000
Less current installments	<u>(180,000)</u>	<u>(175,000)</u>
Bonds payable, excluding current installments	9,610,000	9,790,000
Plus, net unamortized debt issuance costs and bond premium	<u>246,085</u>	<u>254,874</u>
Bonds payable excluding current installments, debt issuance costs and bond premium	\$ <u>9,856,085</u>	<u>10,044,874</u>

The aggregate maturities for bonds payable for the five years following June 30, 2021 and thereafter is as follows:

2022	\$ 180,000
2023	185,000
2024	195,000
2025	205,000
2026	210,000
Thereafter	<u>8,815,000</u>
	\$ <u>9,790,000</u>

(8) Promissory Note - Paycheck Protection Program

In May 2020, the School received a loan under the Paycheck Protection Program (the Loan) that was designed by the United States Small Business Administration (SBA) to provide direct incentives for small businesses to keep their workers on payroll due to COVID-19. The SBA will forgive the loan if all employee retention criteria is met and funds are used for eligible expenses. If the criteria are not met, the loan is to be paid in equal payments over a period of two years including interest at 1%. In February 2021, the SBA provided approval for the forgiveness of the Loan. As of June 30, 2021, the School recognized revenue of \$654,000 towards eligible expenses and is included in support and other revenue in the accompanying statements of activities.

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

(9) Lease Obligation

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 \$140,400 for the years ended June 30, 2021 and 2020. Future minimum payments under the agreement are as follows:

2022	\$ 144,000
2023	147,600
2024	<u>153,600</u>
	<u>\$ 445,200</u>

(10) 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, 2021 and 2020 was \$60,453 and \$68,650, respectively.

(11) Concentration of Risk

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 74% and 84% of total revenue and support for the years ended June 30, 2021 and 2020, respectively.

(12) 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 High 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 High School for Girls (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2021, 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 November 1, 2021.

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 may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
November 1, 2021