

**AUDITED  
FINANCIAL STATEMENTS**

# **BUFFALO COLLEGIATE CHARTER SCHOOL**

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**JUNE 30, 2022**

**BUFFALO COLLEGIATE CHARTER SCHOOL**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Buffalo Collegiate Charter School

### Opinion

We have audited the accompanying financial statements of Buffalo Collegiate Charter School (the "Charter School"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charter School as of June 30, 2022 and 2021, and the results of its operations 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter 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 the 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 the 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 Charter School's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter 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 Charter 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 audit.

**Other Reporting Required by Government Auditing Standards**

In accordance with GAS, we have also issued our report dated October 17, 2022 on our consideration of the Charter 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Charter School's internal control over financial reporting and compliance.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
October 17, 2022

**BUFFALO COLLEGIATE CHARTER SCHOOL****STATEMENTS OF FINANCIAL POSITION**

June 30,

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current assets:</b>		
Cash	\$ 217,170	\$ 813,383
Grants and other receivables	460,065	199,250
Prepaid expenses	34,567	2,493
Total current assets	<u>711,802</u>	<u>1,015,126</u>
<b>Dissolution reserve</b>	75,000	75,000
<b>Security deposit</b>	33,515	33,515
<b>Property and equipment, net</b>	<u>991,477</u>	<u>763,660</u>
<b>Total assets</b>	<u>\$ 1,811,794</u>	<u>\$ 1,887,301</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 154,500	\$ 78,617
Accrued payroll	132,255	86,318
Total current liabilities	<u>286,755</u>	<u>164,935</u>
<b>Deferred rent</b>	60,703	49,952
<b>Net assets:</b>		
Without donor restrictions	1,437,663	1,606,004
With donor restrictions	26,673	66,410
Total net assets	<u>1,464,336</u>	<u>1,672,414</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,811,794</u>	<u>\$ 1,887,301</u>

See accompanying notes.

**BUFFALO COLLEGIATE CHARTER SCHOOL**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and support:</b>			
Public School District Support:			
Resident student enrollment	\$ 3,889,446	\$ -	\$ 3,889,446
Students with disabilities	182,199	-	182,199
Total public school district support	<u>4,071,645</u>	<u>-</u>	<u>4,071,645</u>
Federal and state grants	619,790	-	619,790
Contributions - private	44,647	57,475	102,122
Other income	5,698	-	5,698
Net assets released from restriction	97,212	(97,212)	-
<b>Total revenue and support</b>	<u>4,838,992</u>	<u>(39,737)</u>	<u>4,799,255</u>
<b>Expenses:</b>			
Program services:			
Regular education	3,187,326	-	3,187,326
Special education	342,943	-	342,943
Other program	375,944	-	375,944
Total program services	<u>3,906,213</u>	<u>-</u>	<u>3,906,213</u>
Fundraising	27,231	-	27,231
Management and general	1,073,889	-	1,073,889
<b>Total expenses</b>	<u>5,007,333</u>	<u>-</u>	<u>5,007,333</u>
<b>Change in net assets</b>	(168,341)	(39,737)	(208,078)
<b>Net assets - beginning of year</b>	<u>1,606,004</u>	<u>66,410</u>	<u>1,672,414</u>
<b>Net assets - end of year</b>	<u>\$ 1,437,663</u>	<u>\$ 26,673</u>	<u>\$ 1,464,336</u>

See accompanying notes.

**BUFFALO COLLEGIATE CHARTER SCHOOL**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and support:</b>			
Public School District Support:			
Resident student enrollment	\$ 3,055,639	\$ -	\$ 3,055,639
Students with disabilities	154,656	-	154,656
Total public school district support	<u>3,210,295</u>	<u>-</u>	<u>3,210,295</u>
Federal and state grants	424,781	-	424,781
Contributions - private	72,412	104,125	176,537
Other grant revenue - forgiveness of refundable advance	301,712	-	301,712
Other income	2,427	-	2,427
Net assets released from restriction	124,790	(124,790)	-
<b>Total revenue and support</b>	<u>4,136,417</u>	<u>(20,665)</u>	<u>4,115,752</u>
<b>Expenses:</b>			
Program services:			
Regular education	2,323,008	-	2,323,008
Special education	231,787	-	231,787
Other program	241,100	-	241,100
Total program services	<u>2,795,895</u>	<u>-</u>	<u>2,795,895</u>
Fundraising	51,794	-	51,794
Management and general	652,810	-	652,810
<b>Total expenses</b>	<u>3,500,499</u>	<u>-</u>	<u>3,500,499</u>
<b>Change in net assets</b>	<b>635,918</b>	<b>(20,665)</b>	<b>615,253</b>
<b>Net assets - beginning of year</b>	<u>970,086</u>	<u>87,075</u>	<u>1,057,161</u>
<b>Net assets - end of year</b>	<u>\$ 1,606,004</u>	<u>\$ 66,410</u>	<u>\$ 1,672,414</u>

See accompanying notes.

**BUFFALO COLLEGIATE CHARTER SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2022**

	Number of Positions	Program Services			Total	Fundraising	Management and General	Total
		Regular Education	Special Education	Other Program				
Salaries								
Instructional	35.7	\$ 1,475,696	\$ 226,667	\$ -	\$ 1,702,363	\$ -	\$ -	\$ 1,702,363
Administrative staff	12	249,561	24,497	-	274,058	22,735	494,798	791,591
Non-instructional	4	-	-	213,139	213,139	-	-	213,139
Total salaries	51.7	1,725,257	251,164	213,139	2,189,560	22,735	494,798	2,707,093
Occupancy		381,640	23,853	23,853	429,346	-	47,705	477,051
Payroll taxes		162,827	23,704	20,116	206,647	2,146	46,698	255,491
Employee benefits		117,395	17,090	14,503	148,988	1,547	33,668	184,203
Instructional materials		166,808	-	-	166,808	-	-	166,808
Depreciation		123,957	7,747	7,747	139,451	-	15,495	154,946
Professional fees		-	-	-	-	-	141,824	141,824
Technology expense		133,500	-	-	133,500	-	-	133,500
Repairs and maintenance		-	-	-	-	-	133,062	133,062
Pension		60,921	8,869	7,526	77,316	803	17,472	95,591
Instructional consultants		94,090	-	-	94,090	-	-	94,090
Contracted services		-	-	-	-	-	83,533	83,533
Student & staff recruitment		80,127	-	-	80,127	-	-	80,127
Student services		66,646	-	-	66,646	-	-	66,646
Afterschool program		-	-	47,500	47,500	-	-	47,500
Office expense		-	-	-	-	-	43,959	43,959
Insurance		31,670	1,979	1,979	35,628	-	3,959	39,587
Student activities		-	-	30,047	30,047	-	-	30,047
Staff development		22,959	-	-	22,959	-	-	22,959
Miscellaneous		17,499	1,094	1,094	19,687	-	2,187	21,874
Dues and membership		-	-	-	-	-	9,275	9,275
Special education services		-	7,316	-	7,316	-	-	7,316
Nurses office		-	-	5,863	5,863	-	-	5,863
Telephone & internet		2,030	127	127	2,284	-	254	2,538
Athletics		-	-	2,450	2,450	-	-	2,450
		<u>\$ 3,187,326</u>	<u>\$ 342,943</u>	<u>\$ 375,944</u>	<u>\$ 3,906,213</u>	<u>\$ 27,231</u>	<u>\$ 1,073,889</u>	<u>\$ 5,007,333</u>

See accompanying notes.

**BUFFALO COLLEGIATE CHARTER SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2021**

	Number of Positions	Program Services			Total	Fundraising	Management and General	Total
		Regular Education	Special Education	Other Program				
Salaries								
Instructional	29	\$ 1,341,166	\$ 171,610	\$ -	\$ 1,512,776	\$ -	\$ -	\$ 1,512,776
Administrative staff	3	-	-	-	-	23,125	206,220	229,345
Non-instructional	2	-	-	136,866	136,866	-	-	136,866
Total salaries	34	1,341,166	171,610	136,866	1,649,642	23,125	206,220	1,878,987
Occupancy		302,196	18,887	18,887	339,970	-	37,775	377,745
Payroll taxes		134,057	16,757	13,033	163,847	1,862	20,481	186,190
Employee benefits		111,417	13,927	10,832	136,176	1,547	17,023	154,746
Professional fees		-	-	-	-	24,321	94,198	118,519
Depreciation		92,288	-	2,296	94,584	-	21,046	115,630
Technology expense		101,429	-	-	101,429	-	-	101,429
Pension		67,601	8,450	6,572	82,623	939	10,328	93,890
Student & staff recruitment		-	-	-	-	-	65,316	65,316
Instructional consultants		63,000	-	-	63,000	-	-	63,000
Contracted services		-	-	-	-	-	59,681	59,681
Instructional materials		55,450	-	-	55,450	-	-	55,450
Afterschool program		-	-	52,500	52,500	-	-	52,500
Repairs and maintenance		-	-	-	-	-	38,781	38,781
Insurance		-	-	-	-	-	34,195	34,195
Office expense		-	-	-	-	-	28,462	28,462
Staff development		19,067	-	-	19,067	-	-	19,067
Student activities		17,770	-	-	17,770	-	-	17,770
Miscellaneous		-	-	-	-	-	17,267	17,267
Student services		7,992	-	-	7,992	-	-	7,992
Nurses office		7,754	-	-	7,754	-	-	7,754
Telephone & internet		1,821	114	114	2,049	-	228	2,277
Special education services		-	2,042	-	2,042	-	-	2,042
Dues and membership		-	-	-	-	-	1,809	1,809
		<u>\$ 2,323,008</u>	<u>\$ 231,787</u>	<u>\$ 241,100</u>	<u>\$ 2,795,895</u>	<u>\$ 51,794</u>	<u>\$ 652,810</u>	<u>\$ 3,500,499</u>

See accompanying notes.

**BUFFALO COLLEGIATE CHARTER SCHOOL**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30,**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
<b>Receipts:</b>		
Enrollment fees	\$ 4,007,143	\$ 3,221,305
Contributions - federal, state and local awards	423,478	418,383
Other	107,820	484,837
Total receipts	<u>4,538,441</u>	<u>4,124,525</u>
<b>Disbursements:</b>		
Payments to employees for services and benefits	3,196,442	2,321,197
Payments to vendors and suppliers	1,555,449	1,379,843
Total disbursements	<u>4,751,891</u>	<u>3,701,040</u>
<b>Net cash (used) provided by operating activities</b>	<u>(213,450)</u>	423,485
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(382,763)</u>	<u>(282,249)</u>
<b>Net cash used by investing activities</b>	<u>(382,763)</u>	<u>(282,249)</u>
<b>Net (decrease) increase in cash and restricted cash</b>	<u>(596,213)</u>	141,236
<b>Cash and restricted cash - beginning of year</b>	<u>888,383</u>	<u>747,147</u>
<b>Cash and restricted cash - end of year</b>	<u>\$ 292,170</u>	<u>\$ 888,383</u>
<b>Cash and restricted cash is comprised of the following statement of financial position accounts:</b>		
Cash	\$ 217,170	\$ 813,383
Dissolution reserve	75,000	75,000
Cash and restricted cash - end of year	<u>\$ 292,170</u>	<u>\$ 888,383</u>
<b>Reconciliation of change in net assets to net cash (used) provided by operating activities:</b>		
Change in net assets	\$ (208,078)	\$ 615,253
Depreciation	154,946	115,630
Other grant revenue - forgiveness of refundable advance	-	(301,712)
<b>(Increase) decrease in assets:</b>		
Grants and other receivables	(260,815)	8,783
Prepaid expenses	(32,074)	14,251
<b>Increase (decrease) in liabilities:</b>		
Accounts payable	75,883	(25,945)
Accrued payroll	45,937	(7,381)
Deferred rent	10,751	4,606
<b>Net cash (used) provided by operating activities</b>	<u>\$ (213,450)</u>	<u>\$ 423,485</u>
<b>Non-cash financing activities:</b>		
Other grant revenue - forgiveness of refundable advance	<u>\$ -</u>	<u>\$ 301,712</u>

See accompanying notes.

# BUFFALO COLLEGIATE CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **The Charter School**

Buffalo Collegiate Charter School (the "Charter School") is an independent public school established under the provisions of the New York State Charter School Act of 1998, enacted as Article 56 of the Education Law. The Charter School was authorized by the Board of Trustees of the State University of New York Charter School Institute on October 12, 2017, for a term of five years.

It is the Charter School's mission to educate students to graduate from the college of their choice and serve as our next generation of leaders. All children, regardless of gender, race, ethnicity, socioeconomic status, zip code, or home language, deserve the opportunity to receive an excellent education that allows them to access selective colleges and transform their life paths as empowered and civically minded leaders. The 2018 - 2019 school year represents the Charter School's first year of operation. During this academic year, the Charter School provided educational instruction to students in grades four through eight.

#### **Basis of Accounting**

The Charter School's policy is to prepare its financial statements on the accrual basis of accounting, which means that revenues are recorded when earned and expenditures are recorded when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

***Net Assets Without Donor Restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Charter School. These net assets may be used at the discretion of the Charter School's management and Board of Trustees and the exempt purpose for the Charter School's charter. The Charter School's Board of Trustees has not designated, from net assets without donor restrictions, any net assets as of June 30, 2022 and 2021.

***Net Assets With Donor Restrictions:*** Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Charter School must continue to use the resources in accordance with the donor's instructions. The Charter School's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Charter School, unless the donor provides more specific directions about the period of its use.

***Classification of Transactions:*** All revenues and support are reported as increases in net assets without donor restrictions in the statements of activities and changes in net assets unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses are reported as decreases in net assets without donor restrictions.

## **BUFFALO COLLEGIATE CHARTER SCHOOL**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the statement of financial position for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lease primarily will depend on its classification as a finance and operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee's balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for reporting periods beginning after December 15, 2021 with early adoption permitted. The Charter School is currently evaluating the impact that ASU 2016-02 will have on its financial statements and will adopt the provisions upon the effective date.

##### **Revenue and Support Recognition**

Revenue from state and local governments resulting from the Charter School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the Charter School when qualifying expenditures are incurred and billable or the requirements of the grant are met.

##### **Expense Recognition and Allocation**

The financial statements report certain categories of expenses that are attributable to a program or supporting function in the statements of functional expenses. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Programs to which expenses are allocated include regular education, special education, and other programs. Every year the basis on which costs are allocated are evaluated.

Management and general expenses include those costs that are not directly identifiable with the program, but which provide for the overall support and direction of the Charter School.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

##### **Contributions**

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

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Net assets released from restrictions during the year ended June 30, 2022 amounted to \$97,212 (\$124,790 - 2021).

##### **Cash**

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

##### **Dissolution Reserve**

The Charter School maintains restricted cash in a separate dissolution reserve in accordance with the terms of its charter agreement for potential school close-out expenses. The amount of cash held on reserve for this purpose at June 30, 2022 amounted to \$75,000 (\$75,000 - 2021). Designated cash is presented as a non-current asset within the accompanying statements of financial position.

**BUFFALO COLLEGIATE CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Other Receivables**

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Grants and other receivables as of June 30, 2022 and 2021 are expected to be fully collectable, and no allowance for uncollectible accounts is considered necessary.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over their estimated useful lives.

**Impairment of Long-Lived Assets**

Under the provisions of U.S. GAAP, the Charter School evaluates its long-lived assets for financial impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. If such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. During the years ended June 30, 2022 and 2021, there was no impairment of long-lived assets.

**Contributed Services**

Volunteers have donated significant amounts of time in support of the Charter School's activities. However, the value of these services is not reflected in the accompanying statements, as they do not meet the criteria for recognition as set forth under U.S. GAAP.

**Tax-Exempt Status**

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

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2022 and 2021 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

**Advertising Costs**

The Charter School expenses recruiting costs as they are incurred. Total recruiting costs were approximately \$80,000 for the year ended June 30, 2022 (\$65,000 - 2021).

**Accounting Estimates**

The process of preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

The Charter School evaluated its June 30, 2022 financial statements for subsequent events through October 17, 2022, which is the date these financial statements were available to be issued.

**BUFFALO COLLEGIATE CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 909,529	\$ 723,314
Office equipment	70,866	82,878
Instructional equipment	332,512	164,551
Cafeteria equipment	16,952	16,952
Construction in process	<u>62,400</u>	<u>21,800</u>
	<u>1,392,259</u>	<u>1,009,495</u>
Less: accumulated depreciation	<u>400,782</u>	<u>245,835</u>
	<u>\$ 991,477</u>	<u>\$ 763,660</u>

**NOTE 3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30 include:

	<u>2022</u>	<u>2021</u>
Cash	\$ 217,170	\$ 813,383
Grants and other receivables	<u>460,065</u>	<u>199,250</u>
	<u>\$ 677,235</u>	<u>\$1,012,633</u>

To help manage unanticipated liquidity needs, the Charter School has an available line of credit of \$250,000. Refer to Note 9 for further details.

**NOTE 4. REFUNDABLE ADVANCE**

In response to the COVID-19 coronavirus, the federal government issued the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act in March 2020. A section of the CARES Act includes the Paycheck Protection Program (“PPP”) which provides funding to small businesses and non-profits impacted by COVID-19. The Charter School applied for a loan through the PPP and received \$301,712 in April 2020. Per the loan agreement, up to the full amount of the loan is eligible to be forgiven if all borrowed funds are used within the provisions set forth by the PPP. The Charter School applied for forgiveness of the loan which was approved by the Small Business Administration in May 2021. The Charter School recognized revenue in the amount of \$301,712 in the statement of activities and changes in net assets related to the forgiveness of the PPP loan for the year ended June 30, 2021. No amounts were recognized for the year ended June 30, 2022.

**BUFFALO COLLEGIATE CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. SCHOOL FACILITY**

The Charter School signed a lease for its facility from a third-party commencing May 10, 2018 through July 31, 2025. Rent expense totaled \$456,312 for the year ended June 30, 2022 (\$370,176 – 2021). Included in the lease agreement is an option to reserve three parking spaces. The Charter School may cancel the reserved parking spaces with at least thirty-day’s notice. Parking space rent included in rent expense for the years ended June 30, 2022 and 2021 amounted to \$1,260. Rent expense, coupled with utility costs incurred during the year ended June 30, 2022 of \$20,738 (\$7,569 – 2021), are presented as occupancy expense within the accompanying statements of functional expenses. Future expected minimum payment for this lease, excluding parking space rent, is as follows:

Year ending June 30:

2023	\$ 474,579
2024	498,984
2025	515,604
2026	<u>43,077</u>
	<u>\$ 1,532,244</u>

**NOTE 6. CONTINGENCY**

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

**NOTE 7. CONCENTRATIONS**

The Charter School’s primary source of funding is received indirectly from New York State Education Department through the district of residence and is reported as resident student enrollment in the accompanying statements of activities and changes in net assets.

**NOTE 8. RETIREMENT PLAN**

The Charter School has a 401(k)-retirement plan covering substantially all employees. The Charter School utilizes a professional employer organization to provide payroll services and administer payroll benefits, which includes maintenance of the 401(k)-retirement plan. Under the 401(k)-retirement plan, the Charter School contributes employer matching and employer profit sharing contributions. The Charter School's pension expense for the year ended June 30, 2022 was approximately \$96,000 (\$94,000 - 2021).

**NOTE 9. LINE OF CREDIT**

The Charter School has an available variable rate nondisclosable revolving line of credit of \$250,000 with a bank with an on-demand maturity feature. Interest on all borrowings is accrued at the prime rate, plus an additional marginal rate of 1.00%. The interest rate at June 30, 2022 was 5.75% (4.25% - 2021). There were no borrowings against the line of credit at June 30, 2022 and 2021.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Buffalo Collegiate Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Buffalo Collegiate Charter School, which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Buffalo Collegiate Charter School's internal control over financial reporting ("internal control") to determine the 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 Buffalo Collegiate Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Buffalo Collegiate Charter 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Buffalo Collegiate Charter 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 determination of financial statement amounts. 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 Buffalo Collegiate Charter School's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
October 17, 2022