UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN

FINANCIAL STATEMENTS

June 30, 2023

TABLE OF CONTENTS

Heveron&Company
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, New York

Opinion

We have audited the accompanying financial statements of University Preparatory Charter School for Young Men (a New York State 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 the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Preparatory Charter School for Young Men as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 University Preparatory Charter School for Young Men and to meet our other ethical responsibilities in accordance with the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

260 Plymouth Ave. South,
Rochester, New York 14608-2239
P 585.232.2956 • F 585.423.0599
heveroncpa.com

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 University Preparatory Charter School for Young Men'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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, 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 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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited University Preparatory Charter School for Young Men's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2022. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2022, is consistent in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023 on our consideration of University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's internal control over financial reporting and compliance.

Heveron & Company

Heveron & Company
Certified Public Accountants

Rochester, New York
October 18, 2023

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash and Cash Equivalents	$ 2,768,811	$ 4,016,034
Grants Receivable	600,675	211,334
Accounts Receivable	13,658	232,382
Total Current Assets	3,383,144	4,459,750
Property and Equipment		
Building and Improvements	6,018,858	5,945,313
Furniture and Fixtures	972,429	869,521
Vehicles	177,552	77,000
Less: Accumulated Depreciation	(3,262,680)	(2,850,256)
Net Property and Equipment	3,906,159	4,041,578
Other Assets		
Investments	1,500,327	-
Escrow Account	77,134	76,980
Deposits	100,000	-
Total Other Assets	1,677,461	76,980
TOTAL ASSETS	$ 8,966,764	$ 8,578,308

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Accounts Payable	$ 127,910	$ 53,032
Accrued Payroll and Payroll Taxes	999,411	460,642
Refundable Advance	90,000	9,846
Total Current Liabilities	1,217,321	523,520
Total Liabilities	1,217,321	523,520
Net Assets		
Without Donor Restrictions:		
Undesignated	7,738,824	8,042,729
With Donor Restrictions:		
Purpose Restrictions	10,619	12,059
Total Net Assets	7,749,443	8,054,788
TOTAL LIABILITIES AND NET ASSETS	$ 8,966,764	$ 8,578,308

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
Revenue and Other Support				
Public School District:				
Resident Student Enrollment	$ 5,859,230	$ -	$ 5,859,230	$ 5,898,297
Students with Disabilities	491,825	-	491,825	429,709
Food services:				
Food Service Income	-	-	-	339,348
In-Kind Food Service Income	-	-	-	22,681
Federal Grants - Title and IDEA	450,263	-	450,263	346,074
Federal Grants - Other	799,888	-	799,888	422,238
State Grants:				
In-Kind State Grants	42,530	-	42,530	43,995
Other Grants and Contributions	124,377	-	124,377	7,199
Paycheck Protection Loan Forgiveness	-	-	-	1,057,045
Other Income	26,873	-	26,873	13,790
Net Investment Return	(1,107)	-	(1,107)	-
Released from Restrictions	1,440	(1,440)	-	-
Total Revenue and Other Support	7,795,319	(1,440)	7,793,879	8,580,376
Expenses				
Program Expenses:				
Regular Education	5,931,520	-	5,931,520	5,342,262
Special Education	678,580	-	678,580	524,614
Food Services	-	-	-	325,391
Total Program Expenses	6,610,100	-	6,610,100	6,192,267
Supporting Services:				
Management and General	1,489,124	-	1,489,124	1,322,243
Total Expenses	8,099,224	-	8,099,224	7,514,510

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)
(Continued)

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
Change in Net Assets	(303,905)	(1,440)	(305,345)	1,065,866
Net Assets - Beginning of Year	8,042,729	12,059	8,054,788	6,988,922
Net Assets - End of Year	$ 7,738,824	$ 10,619	$ 7,749,443	$ 8,054,788

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

		Program Services			Totals	
	2023 No. of Positions	Regular Education	Special Education	Management and General	2023	2022
Personnel Service Costs						
Instructional Personnel	54	$ 2,952,989	$ 411,311	$ 500	$ 3,364,800	$ 2,857,723
Non-Instructional Personnel	6	195,824	-	10,306	206,130	347,712
Administrative Personnel	19	478,535	-	952,687	1,431,222	1,382,827
Total Salaries and Wages	79	3,627,348	411,311	963,493	5,002,152	4,588,262
Fringe Benefits and Payroll Taxes		747,509	84,761	198,553	1,030,823	1,069,479
Retirement		250,780	34,690	141,064	426,534	258,750
Total Personnel Services		4,625,637	530,762	1,303,110	6,459,509	5,916,491
Depreciation		355,604	40,322	16,497	412,423	406,851
Other Purchased Services		272,936	30,949	95,113	398,998	363,459
Supplies		177,551	19,875	-	197,426	222,109
Student Services		147,393	16,713	-	164,106	36,514
Utilities		108,314	12,282	5,025	125,621	120,428
Repairs and Maintenance		104,827	11,886	4,863	121,576	42,171
Office Expense		49,510	5,614	18,664	73,788	79,967
Insurance		30,729	3,484	1,426	35,639	36,232
Staff Development		21,620	2,452	-	24,072	20,698
Technology		15,705	1,781	5,829	23,315	29,682
Legal		-	-	20,848	20,848	22,085
Accounting		-	-	15,500	15,500	12,850

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)
(Continued)

	Program Services			Totals	
	Regular Education	Special Education	Management and General	2023	2022
Occupancy Expense	11,580	1,313	537	13,430	14,272
Marketing	9,383	1,064	-	10,447	7,886
Food	-	-	1,712	1,712	176,578
Other Expenses	731	83	-	814	6,237
Total Expenses	$ 5,931,520	$ 678,580	$ 1,489,124	$ 8,099,224	$ 7,514,510

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flow From Operating Activities		
Receipts from School Districts	$ 6,563,501	$ 6,202,183
Federal and State Grant Receipts	985,171	780,537
Food Service Fees	59,333	280,015
Other Grants and Contributions	124,377	7,199
Miscellaneous Sources	26,576	13,790
Payments to Charter School Personnel for Services Rendered	(5,920,740)	(6,037,291)
Payments to Vendors for Goods and Services Rendered	(1,207,145)	(1,143,788)
Net Cash Flow Provided/(Used) By Operating Activities	631,073	102,645
Cash Flow From Investing Activities		
Purchase of Property and Equipment	(377,004)	(307,137)
Purchase of Investments	(1,501,138)	-
Cash Flow Provided/(Used) By Investing Activities	(1,878,142)	(307,137)
Cash Flow From Financing Activities		
Payments on Loan Payable	-	(261,730)
Cash Flow Provided/(Used) By Financing Activities	-	(261,730)
Net Increase/(Decrease) in Cash and Cash Equivalents, and Restricted Cash	(1,247,069)	(466,222)
Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	4,093,014	4,559,236
Cash and Cash Equivalents, and Restricted Cash - End of Year	$ 2,845,945	$ 4,093,014

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2023 and 2022
(Continued)

	2023	2022
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities		
Change in Net Assets	$ (305,345)	$ 1,065,866
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided/(Used) by Operating Activities:		
Depreciation	412,423	406,851
Paycheck Protection Loan Forgiveness	-	(1,057,045)
Realized/Unrealized (Gain)/Loss on Investment	810	-
(Increase)/Decrease In:		
Accounts Receivable	218,724	(186,834)
Grants Receivable	(389,341)	4,055
Increase/(Decrease) In:		
Accounts Payable	74,879	(19,295)
Accrued Payroll and Payroll Taxes	538,769	(120,799)
Refundable Advance	80,154	9,846
Net Cash Flows Provided/(Used) By Operating Activities	$ 631,073	$ 102,645

See Accompanying Notes to Financial Statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

University Preparatory Charter School for Young Men (the School) is a nonprofit educational organization in Rochester, New York. It was formed to be a small school for young men with personalized attention for each student. The School provides a safe and secure learning environment where respect and compassion are values for adults and students for grades 7-12. The School obtains its support directly and indirectly from organizations and government agencies in the community.

The main programs of the School are as follows:

REGULAR EDUCATION: The School curriculum encourages and promotes young men to be involved, to be active in their learning, and to learn together. The School provides preparation not just for graduation, but for success in college. It is also a place for young men to play sports and engage in exciting, healthy, extracurricular activities. All courses align with the New York State Learning Standards.

SPECIAL EDUCATION: In accordance with the Individuals with Disabilities Education Act, the Rehabilitation Act, Section 504, and the Americans with Disabilities Act, the School provides a free and appropriate education, in the least restrictive environment to students with disabilities. The primary service delivery for students with special needs is inclusion. For students requiring supplemental services, the School has employees on staff to provide the required services outlined in the student's Individual Education Plan or 504 Plan.

FOOD SERVICES: The School believes that healthy meals are an important part of a child's day. Breakfast and lunch are served every day. All meals are intended to meet the required New York State Child Nutrition Standards, and the School subscribes to the New York State free and reduced priced meal program. As of the year ended June 30, 2022, these services are now being provided by the Rochester City School District.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the School reports information regarding its financial position and activities according to the existence or absence of donor or grantor- imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Accounts and Grants Receivable

Receivables are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for, and if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at June 30, 2023 and 2022.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

A portion of the School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the school has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The School received cost-reimbursable grants of $820,477 and $1,530,364 that have not been recognized at June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred, with an advance payment of $90,000 and $9,846, respectively, recognized in the statement of financial position as a refundable advance.

The School recognizes revenue derived from tuition and food service. Tuition income is recognized during the school year based on enrollment. Food service revenue is recognized when earned at the time of service.

Contributions

The School recognizes contributions when cash, securities or other assets, an unconditional promise to give or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Income Taxes

The Internal Revenue Service has determined that the School is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for federal or state income taxes has been made.

Advertising

Advertising costs are expensed as incurred.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. The School capitalizes property and equipment with a unit cost of over $2,000 or a bundle cost of over $20,000 and an estimated life of more than two years. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows.

	Years
Building and Improvements	20
Furniture and Fixtures	3-5
Vehicles	5

Depreciation expense amounted to $412,423 and $406,851 for the years ended June 30, 2023 and 2022, respectively.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, and management and general categories. An immaterial amount of fundraising costs for the years ended June 30, 2023 and 2022 are included in management and general expenses.

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated include occupancy, repairs and maintenance, insurance and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, other purchased services, student services, supplies, office expenses, and other expenses, which are allocated on the basis of time and effort for each category.

Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the accounting for lease expenses. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. During the year ended June 30, 2023 the School adopted ASU 2016-02 for its leasing arrangements, along with the practical expedient, which allows modifications of contracts to be applied at the time of adoption. This required recognition had no current impact to the School's statements of financial position.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)
In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The main difference between the guidance in ASU 2020-07 and previous GAAP is the disclosure of a disaggregation of the amount of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the period, the School's policy about monetizing rather utilizing the assets, a description of any donor-imposed restrictions associated with the assets, a description of the valuation techniques used, and the principal market used to arrive at a fair value measurement. During the year ended June 30, 2022 the School adopted ASU 2020-07 for its contributed nonfinancial assets. This adoption was applied on a retrospective basis.

Determining Fair Value of Financial Assets and Liabilities
Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

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

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

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

NOTE 2 - LIQUIDITY AND AVAILABILITY

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

At June 30, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2023	2022
Cash and cash equivalents	$ 2,768,811	$ 4,016,034
Accounts receivable	13,658	232,382
Grants receivable	600,675	211,334
Less donor restricted net assets	(10,619)	(12,059)
Total	$ 3,372,525	$ 4,447,691

NOTE 3 - EMPLOYEE BENEFIT PLAN

The School has a 403(b) retirement plan. Eligible employees can make contributions to the plan. Employees are fully and immediately vested in all contributions. The School will make non-elective contributions at the Board's discretion. Employer contributions for the years ended June 30, 2023 and 2022 were $41,000 and $258,750, respectively.

During the year ended June 30, 2023, the School joined the New York State Teachers' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employers are required to contribute at an actuarially determined rate. The rate applicable to the fiscal year ended June 30, 2023 was 10.29%. The retirement contribution expense totaled $385,534 for the year ended June 30, 2023.

NOTE 4 - LOAN PAYABLE

In April 2020, the School applied for and was approved to receive a $1,318,775 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for six months after the funding of the loan. The School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and fully guaranteed by the Federal government. In November 2021, $1,057,045 of the loan was forgiven. The remaining principal of $261,730 was paid off in the same month.

NOTE 5 - CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

For the purposes of the statements of cash flows, cash and cash equivalents include all cash on hand and in banks, which at times, may exceed federally insured limits. The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certain of these accounts are not federally insured. The School has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

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

Cash and cash equivalents, and restricted cash consisted of the following at June 30:

	2023	2022
Checking	$ 2,754,789	$ 4,005,018
Savings and Money Market	14,022	11,016
Subtotal - Cash and Cash Equivalents	2,768,811	4,016,034
Restricted Cash - Escrow Account	77,134	76,980
Total Cash, Cash Equivalents, and Restricted Cash	$ 2,845,945	$ 4,093,014

NOTE 6 - SPECIAL EDUCATION AND OTHER SUPPORT

Some of the special education services required by students of the School are provided by the Rochester City School District. The Rochester City School District also provides transportation. The School was unable to determine a value for these services; thus, these financial statements do not reflect revenue or expenses associated with those services.

Additionally, the School does provide certain special education services with its own staff and facilities.

The School also receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Rochester City School District. The total aid received for the years ended June 30, 2023 and 2022 was $42,530 and $43,995, respectively. The value of this aid is provided by Rochester City School District and is based on original cost.

NOTE 7 - DONATED SERVICES AND GOODS

The School receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the years ended June 30, 2023 and 2022, 10 active volunteers provided 220 hours of service.

The School receives food commodities from U.S. Department of Agriculture for use in Food Services Program. During the year ended June 30, 2022 the School received in-kind food donations of $22,681. The value of this donation is based on original cost provided by the U.S. Food and Drug Administration. During the year ended June 30, 2023 the School did not receive any in-kind food donations.

The School’s policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the School. If an asset is provided that does not allow the School to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by an appraisal or by a specialist depending on the type of asset. Contributed nonfinancial assets may include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Contributed goods and services are recorded at fair value at the date of donation. The School does not sell donated gifts-in-kind.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purpose:		
Career and Technical Education Program	$ 7,500	$ 7,500
Technology	3,119	4,559
Total Net Assets with Donor Restrictions	$ 10,619	$ 12,059

NOTE 9 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment affecting the year ended June 30, 2022 was made. The June 30, 2022 comparative financial statements have been restated to reflect this adjustment. The adjustment was necessary to record income and accounts receivable in the proper period. The net adjustment was an increase of $66,675 in Net Assets Without Donor Restrictions.

NOTE 10 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Investments are held in investment funds managed by professional investment advisors. A summary of investments at market value at June 30 are as follows:

NOTE 10 - INVESTMENTS (Continued)

2023

	Level 1	Level 2	Level 3	Totals
Money Market	$ 1,108,625	$ -	$ -	$ 1,108,625
US Treasury Securities	391,702	-	-	391,702
Totals	$ 1,500,327	$ -	$ -	$ 1,500,327

Bond investment values are determined by the closing bid price on the last business day of the fiscal year if actively traded.

There were no changes in the valuation techniques during the year.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 18, 2023, which is the date the statements were available for issuance.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN

FEDERAL FINANCIAL ASSISTANCE

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

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*

Independent Auditors' Report

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, NY

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 University Preparatory Charter School for Young Men (a New York State nonprofit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and functional expenses, the cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's internal control. Accordingly, we do not express an opinion on the effectiveness of University Preparatory Charter School for Young Men'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 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether University Preparatory Charter School for Young Men's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heveron & Company

Heveron & Company
Certified Public Accountants

Rochester, New York
October 18, 2023

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

Independent Auditors' Report

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, NY

Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program

We have audited University Preparatory Charter School for Young Men's 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 each of University Preparatory Charter School for Young Men's major federal programs for the year ended June 30, 2023. University Preparatory Charter School for Young Men's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, University Preparatory Charter School for Young Men complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs 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 (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of University Preparatory Charter School for Young Men 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 each major federal program. Our audit does not provide a legal determination of University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's federal programs.

Auditor's 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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's compliance with the requirements of each 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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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

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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Heveron & Company

Heveron & Company
Certified Public Accountants

Rochester, New York
October 18, 2023

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements
The auditors' report expresses an unmodified opinion on the general-purpose financial statements of University Preparatory Charter School for Young Men.

No material weaknesses were identified in the internal controls over financial reporting.

No significant deficiencies were identified in the internal controls over financial reporting.

No instances of noncompliance material to the financial statements of University Preparatory Charter School for Young Men were disclosed during the audit.

Federal Awards
The auditors' report on compliance for major programs expresses an unmodified opinion.

No material weaknesses were identified in the internal control over major programs.

No significant deficiencies were identified in the internal controls over major programs.

There are no audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).

Identification of Major Programs:

AL Number(s)	Name of Federal Program or Cluster
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief

Dollar Threshold used to distinguish between type A and type B programs: $ 750,000

The auditee did not qualify as a low-risk auditee

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

Federal Grantor/Program Title /Pass Through Grantor	Federal AL Number	Agency or Pass Through Number	Passed Through to Sub-recipients	10 Expenditures
United States Department of Education				
Title I Grants to Local Educational Agencies Passed Through New York State Education Department	84.010	261600860985	$ -	$ 263,940
Supporting Effective Instruction State Grants Passed Through New York State Education Department	84.367	261600860985	-	31,235
Student Support and Academic Enrichment Program Passed Through New York State Education Department	84.424	261600860985	-	14,369
Strengthening Institutions Program Passed Through New York State Education Department	84.031	261600860985	-	411
COVID-19 Elementary and Secondary School Emergency Relief Fund Passed Through New York State Education Department	84.425D	261600860985	-	166,786
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Passed Through New York State Education Department	84.425U	261600860985	-	633,101
Total United States Department of Education			-	1,109,842
Total Federal Expenditures			$ -	$ 1,109,842

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

Note 1 - Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of University Preparatory Charter School for Young Men under programs of the federal government for the year ended June 30, 2023. 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). Because the Schedule presents only a selected portion of the operations of University Preparatory Charter School for Young Men, it is not intended to and does not present the financial position, change in net assets, or cash flows of University Preparatory Charter School for Young Men.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. University Preparatory Charter School for Young Men has not yet elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.