

ALBANY LEADERSHIP
CHARTER SCHOOL FOR GIRLS

Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Albany Leadership Charter School for Girls:

Qualified Opinion

We have audited the accompanying financial statements of Albany Leadership Charter School for Girls (the School) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, except for the effects on the financial statements of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Albany Leadership Charter School for Girls as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2025, 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
March 21, 2025

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Statements of Financial Position
June 30, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and equivalents - unrestricted	\$ 113,091	420,156
Grants and contracts receivable, net of allowance for doubtful accounts of \$82,670 in 2024 and \$220,266 in 2023	324,129	1,392,171
Prepaid expenses	23,855	34,702
Total current assets	461,075	1,847,029
Property and equipment, at cost	11,599,616	11,519,272
Less accumulated depreciation	(2,694,027)	(2,270,678)
Net property and equipment	8,905,589	9,248,594
Other assets:		
Cash and equivalents - board designated	75,432	5,421
Funds held by trustee	1,026,419	965,344
Total other assets	1,101,851	970,765
Total assets	\$ 10,468,515	12,066,388
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	238,024	722,773
Accrued payroll and benefits	531,112	378,672
Current installments of bonds payable	205,000	195,000
Total current liabilities	974,136	1,296,445
Long-term liabilities - bonds payable, excluding current installments, net of premium and unamortized debt issuance costs	9,244,718	9,458,507
Total liabilities	10,218,854	10,754,952
Net assets without donor restrictions:		
General operating	174,229	1,306,015
Board designated	75,432	5,421
Total net assets without donor restrictions	249,661	1,311,436
Total liabilities and net assets	\$ 10,468,515	12,066,388

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Statements of Activities
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue:		
Public school districts:		
Resident student enrollment	\$ 6,553,852	5,573,079
Students with disabilities	63,618	65,926
Grants and contracts:		
Federal	367,108	1,025,453
Food Service/Children Nutrition Program	303,617	169,597
State and local	<u>58,893</u>	<u>46,101</u>
Total revenue	<u>7,347,088</u>	<u>6,880,156</u>
Expenses:		
Program services:		
Regular education	4,783,126	5,640,080
Special education	454,685	334,876
Other programs	<u>439,382</u>	<u>379,369</u>
Total program services	5,677,193	6,354,325
Supporting services - management and general	<u>2,852,928</u>	<u>1,885,725</u>
Total expenses	<u>8,530,121</u>	<u>8,240,050</u>
Loss from school operations	<u>(1,183,033)</u>	<u>(1,359,894)</u>
Support and other revenue:		
Contributions	12,456	4,957
Fundraising, net	15,592	8,931
Miscellaneous income	<u>93,210</u>	<u>81,797</u>
Total support and other revenue	<u>121,258</u>	<u>95,685</u>
Change in net assets without donor restrictions	(1,061,775)	(1,264,209)
Net assets without donor restrictions at beginning of year	<u>1,311,436</u>	<u>2,575,645</u>
Net assets without donor restrictions at end of year	<u>\$ 249,661</u>	<u>1,311,436</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Statement of Functional Expenses
Year ended June 30, 2024
with comparative totals for 2023

	Program Services					Supporting Services	Total	
	No. of <u>positions</u>	Regular <u>education</u>	Special <u>education</u>	Other <u>programs</u>	<u>Total</u>	Management and <u>general</u>	<u>2024</u>	<u>2023</u>
Personnel services costs:								
Instructional personnel	55	\$ 2,229,618	275,511	-	2,505,129	-	2,505,129	2,586,081
Administrative personnel	23	108,850	-	-	108,850	1,630,970	1,739,820	1,243,762
Non-instructional personnel	12	-	-	136,001	136,001	187,441	323,442	174,496
Total salaries and staff	<u>90</u>	2,338,468	275,511	136,001	2,749,980	1,818,411	4,568,391	4,004,339
Fringe benefits and payroll taxes		444,295	52,345	25,840	522,480	345,488	867,968	679,347
Legal services		42,953	5,061	-	48,014	31,749	79,763	22,123
Accounting and audit services		8,077	952	-	9,029	5,971	15,000	11,200
Other purchased, professional and consulting services		206,566	24,337	12,013	242,916	160,626	403,542	296,409
Rent expense		281,653	4,260	31,988	317,901	44,221	362,122	428,275
Repairs and maintenance		314,019	4,750	35,663	354,432	49,303	403,735	448,143
Insurance		80,004	1,210	9,086	90,300	12,561	102,861	113,570
Utilities		42,346	641	4,809	47,796	6,649	54,445	65,486
Supplies and materials		96,047	11,316	-	107,363	-	107,363	69,091
Uniforms		-	-	-	-	-	-	25,250
Equipment and furnishings		244	29	-	273	180	453	82,583
Staff development		22,351	2,633	-	24,984	-	24,984	9,279
Marketing and recruitment		42,931	5,058	-	47,989	31,732	79,721	71,520
Technology		81,389	9,589	-	90,978	60,159	151,137	295,729
Food services		-	-	170,600	170,600	-	170,600	194,548
Student services		111,239	-	-	111,239	-	111,239	101,108
Office expense		74,757	8,807	-	83,564	55,254	138,818	97,848
Bad debt expense (recoveries)		(137,596)	-	-	(137,596)	-	(137,596)	246,613
Depreciation		366,668	4,981	-	371,649	51,700	423,349	381,561
Transportation costs		136,619	16,096	-	152,715	-	152,715	139,721
Interest expense		230,096	27,109	13,382	270,587	178,924	449,511	456,307
Total expenses		<u>\$ 4,783,126</u>	<u>454,685</u>	<u>439,382</u>	<u>5,677,193</u>	<u>2,852,928</u>	<u>8,530,121</u>	<u>8,240,050</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS
Statement of Functional Expenses
Year ended June 30, 2023

	<u>No. of positions</u>	<u>Program Services</u>			<u>Supporting Services</u>		
		<u>Regular education</u>	<u>Special education</u>	<u>Other programs</u>	<u>Total</u>	<u>Management and general</u>	<u>Total</u>
Personnel services costs:							
Instructional personnel	51	\$ 2,385,360	200,721	-	2,586,081	-	2,586,081
Administrative personnel	22	212,702	-	-	212,702	1,031,060	1,243,762
Non-instructional personnel	4	-	-	67,463	67,463	107,033	174,496
Total salaries and staff	<u>77</u>	<u>2,598,062</u>	<u>200,721</u>	<u>67,463</u>	<u>2,866,246</u>	<u>1,138,093</u>	<u>4,004,339</u>
Fringe benefits and payroll taxes		440,768	34,053	11,445	486,266	193,081	679,347
Legal services		14,699	1,136	-	15,835	6,288	22,123
Accounting and audit services		7,442	575	-	8,017	3,183	11,200
Other purchased, professional and consulting services		192,314	14,858	4,993	212,165	84,244	296,409
Rent expense		333,106	5,039	37,830	375,975	52,300	428,275
Repairs and maintenance		348,559	5,272	39,586	393,417	54,726	448,143
Insurance		88,333	1,336	10,032	99,701	13,869	113,570
Utilities		50,934	770	5,785	57,489	7,997	65,486
Supplies and materials		64,136	4,955	-	69,091	-	69,091
Uniforms		25,250	-	-	25,250	-	25,250
Equipment and furnishings		54,873	4,239	-	59,112	23,471	82,583
Staff development		8,614	665	-	9,279	-	9,279
Marketing and recruitment		47,522	3,671	-	51,193	20,327	71,520
Technology		196,497	15,181	-	211,678	84,051	295,729
Food services		-	-	194,548	194,548	-	194,548
Student services		101,108	-	-	101,108	-	101,108
Office expense		65,016	5,023	-	70,039	27,809	97,848
Bad debt expense		246,613	-	-	246,613	-	246,613
Depreciation		330,475	4,489	-	334,964	46,597	381,561
Transportation costs		129,701	10,020	-	139,721	-	139,721
Interest expense		296,058	22,873	7,687	326,618	129,689	456,307
Total expenses		<u>\$ 5,640,080</u>	<u>334,876</u>	<u>379,369</u>	<u>6,354,325</u>	<u>1,885,725</u>	<u>8,240,050</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ (1,061,775)	(1,264,209)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation	423,349	381,561
Bad debt expense (recoveries)	(137,596)	246,613
Amortization of debt issuance costs	10,685	10,685
Amortization of bond premium	(19,474)	(19,474)
Changes in:		
Grants and contracts receivable	1,205,638	288,159
Prepaid expenses	10,847	13,537
Accounts payable and accrued expenses	(484,749)	384,572
Accrued payroll and benefits	<u>152,440</u>	<u>(14,896)</u>
Net cash provided by operating activities	99,365	26,548
Cash flows from investing activities - purchases of property and equipment	(80,344)	(405,651)
Cash flows from financing activities - bond principal payments	<u>(195,000)</u>	<u>(185,000)</u>
Net change in cash and equivalents	(175,979)	(564,103)
Cash and equivalents at beginning of year	<u>1,390,921</u>	<u>1,955,024</u>
Cash and equivalents at end of year	<u>\$ 1,214,942</u>	<u>1,390,921</u>
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	<u>\$ 458,300</u>	<u>465,700</u>
Classification of cash and equivalents:		
Unrestricted	113,091	420,156
Board designated	75,432	5,421
Funds held by trustee	<u>1,026,419</u>	<u>965,344</u>
	<u>\$ 1,214,942</u>	<u>1,390,921</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements

June 30, 2024 and 2023

(1) Organization and Purpose

Albany Leadership Charter School for Girls' (the School) mission is to prepare young women to graduate from high school with the academic and leadership skills necessary to succeed in college and the career of their choosing. The School includes grades 6 through 12 and has annualized full-time enrollment of 388 students. The School is governed by a Board of Trustees in accordance with the School's by-laws.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(b) Basis of Presentation

The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the School's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Association. At June 30, 2024 and 2023, 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 reporting cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and equivalents.

(e) Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of cash accounts in financial institutions. The School maintains financial instruments at financial institutions which periodically may exceed federally insured limits. At June 30, 2024 and 2023, the School had \$776,419 and \$715,422, respectively, in excess of the federally insured limits.

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

(2) Summary of Significant Accounting Policies, Continued

(f) Receivables

The School's accounts receivable are primarily derived from tuition and fees. At each statement of financial position date, the School recognizes an expected allowance for credit losses. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of the School's historical losses based on an aging of receivables. Historical losses have been consistent. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors. As a result, management has determined that the allowance for credit losses is adequate.

The School writes off receivables when there is information that indicates that there is no possibility of collection. If any recoveries are made from any accounts receivable previously written off, they will be recognized in revenue. The total amount of recoveries amounted to \$137,596 for the year ended June 30, 2024. The total amount of write-offs amounted to \$26,347 for the year ended June 30, 2023.

The allowance for credit losses and the related activity for the years ended June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 220,266	-
Bad debt	-	246,613
Recoveries	(137,596)	-
Write-offs	<u>-</u>	<u>(26,347)</u>
Balance at end of year	\$ <u>82,670</u>	<u>220,266</u>

(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.

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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 \$17,297 and \$16,653 for the years ended June 30, 2024 and 2023, respectively.

(i) Revenue Recognition

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

Tuition and Fees

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

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

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

	<u>Accounts Receivables</u>	<u>Deferred Revenue</u>	<u>Revenue Recognized</u>
2024	\$ <u>294,816</u>	<u>-</u>	<u>6,617,470</u>
2023	\$ <u>30,160</u>	<u>345,528</u>	<u>5,639,005</u>
2022	\$ <u>1,394,672</u>	<u>-</u>	<u>5,008,225</u>

Grants and Contacts

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

(j) Contributed Nonfinancial Assets

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

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

ALBANY LEADERSHIP CHARTER 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.

(n) Income Taxes

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

(o) Leases

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

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

(2) Summary of Significant Accounting Policies, Continued

(p) New Accounting Policies

At the beginning of fiscal 2024, the School adopted Accounting Standards Codification 326, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on financial statements, as amended, which modifies the measurement of expected credit losses on certain financial instruments, including accounts receivable, and requires organizations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportive forecasts for collectability. The School adopted this new standard utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements.

(3) Liquidity

The School has \$437,220 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$113,091 of cash and equivalents and \$324,129 of net receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2024 statement of financial position date. The School has an escrow account with a balance of \$75,432 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 \$1,026,419 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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
School district tuition, net	\$ 294,816	30,160
U.S. Department of Agriculture	-	26,831
U.S. Department of Education	<u>29,313</u>	<u>1,335,180</u>
	\$ <u>324,129</u>	<u>1,392,171</u>

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

(5) Property and Equipment

Property and equipment at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Building	\$ 10,317,733	10,317,733
Improvements	420,869	420,869
Equipment	525,883	445,539
Furniture and fixtures	<u>335,131</u>	<u>335,131</u>
	11,599,616	11,519,272
Less accumulated depreciation	<u>(2,694,027)</u>	<u>(2,270,678)</u>
Net property and equipment	<u>\$ 8,905,589</u>	<u>9,248,594</u>

(6) Other Assets

(a) Escrow Account

As set forth in its charter, the School established an escrow account to be used upon school closure as designated by the Board of Trustees. The balance in the escrow account was \$75,432 and \$5,421 at June 30, 2024 and 2023, respectively. The balance in the escrow account is classified as board designated net assets on the statements of financial position.

(b) Funds Held by Trustee

In conjunction with the bonds payable (note 7), the School established various reserve accounts. The purpose and balance of each account at June 30, 2024 and 2023 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 \$136,368 and \$118,982 at June 30, 2024 and 2023, 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 \$717,598 and \$682,374 at June 30, 2024 and 2023, 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 \$163,518 and \$155,491 at June 30, 2024 and 2023, 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 \$8,935 and \$8,497 at June 30, 2024 and 2023, respectively.

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

(7) Bonds Payable

Bonds payable at June 30, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Bonds payable - repayment due in annual installments commencing June 1, 2020 through June 1, 2049 with interest ranging from 4% - 5% per annum. The bonds are collateralized by property located at 19 Hackett Boulevard, Albany, New York.	\$ 9,230,000	9,425,000
Less current installments	<u>(205,000)</u>	<u>(195,000)</u>
Bonds payable, excluding current installments	9,025,000	9,230,000
Plus bond premium and net of unamortized debt issuance costs	<u>219,718</u>	<u>228,507</u>
Bonds payable excluding current installments, debt issuance costs and bond premium	\$ <u>9,244,718</u>	<u>9,458,507</u>

The aggregate maturities for bonds payable for the five years following June 30, 2024 and thereafter are as follows:

2025	\$	205,000
2026		210,000
2027		220,000
2028		230,000
2029		235,000
Thereafter		<u>8,130,000</u>
	\$	<u>9,230,000</u>

(8) Lease Obligation

The School entered into an agreement to lease a building to operate the middle school through June 30, 2027. Additionally, the School has an agreement for janitorial services with A.K. Cleaning Services through June 30, 2024 for both its middle school and high school buildings. Total rent expense related to the middle school building amounted to \$290,500 for each of the years ended June 30, 2024 and 2023. Total cleaning expenses related to the middle school and high school buildings amounted to \$294,900 and \$266,942 for the years ended June 30, 2024 and 2023, respectively. Future minimum payments under these agreements are as follows:

2025	\$	302,236
2026		308,281
2027		<u>314,447</u>
	\$	<u>924,964</u>

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

(9) Retirement Plan

The School adopted a retirement plan under IRC 401(k) covering all eligible employees. Under the plan, employees are eligible to receive employer matching contributions after one year of service. The School provides a matching contribution to each eligible employee's plan at a rate determined annually by the Board of Trustees. Matching contribution rates 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, 2024 and 2023 was \$28,198 and \$47,896, respectively.

(10) Concentration of Risk

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 83% and 77% of total revenue and support for the years ended June 30, 2024 and 2023, respectively.

(11) Contingency

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Albany Leadership Charter School for Girls (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 March 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-002, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2024-001.

School's Response to Findings

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
March 21, 2025

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

Finding 2024-001

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

Condition - The School did not submit audited financial statements to NYSED by November 1st for the fiscal year ended June 30, 2024.

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

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

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

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

Finding 2024-002

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

Condition - The financial statements of the School were materially misstated at June 30, 2024.

Cause - The material misstatements resulted from a lack of internal controls over financial reporting.

Effect - A total of nine adjusting journal entries totaling \$1,203,420 were recorded to correct misstatements in the financial statements as of June 30, 2024.

Questioned Costs - None identified.

Recommendation - The School should establish accounting procedures to review monthly financial information by comparing it to historical financial data and tying information back to supporting documentation and subsidiary schedules.

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

ALBANY LEADERSHIP CHARTER SCHOOL FOR GIRLS

Status of Prior Audit Findings

June 30, 2024

Finding 2023-001

Condition - The School did not submit audited financial statements to NYSED by November 1st for the fiscal year ended June 30, 2023.

Status - This finding is repeated as finding 2024-001.

Finding 2023-002

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

Status - We noted no instances of employees whose salary contracts did not contain approvals and no instances of timesheets that could not be obtained or incorrect hourly rates. Therefore, this finding is considered to be resolved.

Finding 2023-003

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

Status - The School was not required to submit a Data Collection Form for the year ended June 30, 2024. Therefore, this finding is considered to be resolved.

Finding 2023-004

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

Status - The School hired a third-party accounting firm to maintain their books and records for the year ended June 30, 2024. However, significant adjusting entries were proposed and this finding is repeated as finding 2024-002.

REPORT TO THE BOARD

March 21, 2025

The Board of Trustees
Albany Leadership Charter School for Girls

Dear Board Members:

We have audited the financial statements of Albany Leadership Charter School for Girls (the School) for the year ended June 30, 2024, and have issued our report thereon dated March 21, 2025. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in note 2 to the financial statements. For the year ended June 30, 2024, the School adopted Accounting Standards Codification 326, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments, as amended which modifies the measurement of expected credit losses on certain financial instruments, including accounts receivable, and requires organizations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts for collectability. The School adopted this new standard utilizing the modified retrospective transition method.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended June 30, 2024, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Sensitive Disclosures

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered significant delays in completing the audit as a result of staff turnover and the general condition of the accounting records.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed and management accepted nine adjusting journal entries in the amount of \$1,203,420.

Disagreements with Management

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. During our annual audit of the School, we identified an instance of noncompliance or other matter which is described in the schedule of findings and questioned costs as item 2024-001, as well as an item that we consider to be a material weakness as described in the schedule of findings and questioned costs as item 2024-002.

Basis for Qualified Opinion

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02 - “Leases (Topic 842).” ASU 2016-02 modifies the presentation of operating leases. Formerly, operating leases were not recorded on the statements of financial position as obligations, rather there was a footnote disclosure that included the expected future lease payments. This update requires organizations that lease assets to recognize assets and liabilities on their statements of financial position for operating leases with lease terms of more than 12 months. Operating leases are required to recognize a right-of-use asset and a lease liability, measured at the present value of the lease payment, recognize a single lease cost, generally allocating the lease over a straight-line basis and classify all cash payments within operating activities of cash flows. These changes require expanded footnote disclosure to enhance the financial statement user’s understanding of the amount, timing and uncertainty of cash flows arising from leases. The guidance has been effective since the fiscal year beginning July 1, 2022 for the School. The School has elected not to implement the guidance in Topic 842.

* * * * *

This information is intended solely for the use of the Board of Trustees and management of Albany Leadership Charter School for Girls and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC