

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024
(With Comparative Totals for 2023)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Atmosphere Academy Public Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atmosphere Academy Public Charter School, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Atmosphere Academy Public Charter School as of June 30, 2024, and the changes in its 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Atmosphere Academy Public Charter School 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.

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 Atmosphere Academy Public Charter School's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Atmosphere Academy Public Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atmosphere Academy Public Charter School's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Financial Information

We have previously audited Atmosphere Academy Public Charter School's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024 on our consideration of Atmosphere Academy Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atmosphere Academy Public Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 18, 2024

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(With Comparative Totals for 2023)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 8,073	\$ 57,756
Grants and contracts receivables	354,102	825,364
Contributions and other receivables	1,160,737	-
Prepaid expenses and other current assets	<u>38,144</u>	<u>95,636</u>
TOTAL CURRENT ASSETS	1,561,056	978,756
 <u>PROPERTY AND EQUIPMENT, net</u>	 3,407,772	 3,161,064
 <u>OTHER ASSETS</u>		
Right-of-use assets - finance	149,434	226,735
Right-of-use assets - operating	25,611,792	10,646,986
Cash in escrow	75,134	75,119
Deposits	<u>272,913</u>	<u>472,913</u>
TOTAL ASSETS	<u>\$ 31,078,101</u>	<u>\$ 15,561,573</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 2,741,703	\$ 2,315,897
Current portion of loans from related parties	750,000	229,000
Current portion of deferred lease incentive	-	25,507
Current portion of lease liabilities - operating	4,387,643	2,055,936
Current portion of lease liabilities - finance	<u>60,667</u>	<u>81,606</u>
TOTAL CURRENT LIABILITIES	7,940,013	4,707,946
 <u>OTHER LIABILITIES</u>		
Finance lease liabilities, net of current portion	88,767	145,129
Operating lease liabilities, net of current portion	<u>20,310,316</u>	<u>8,911,559</u>
OTHER LIABILITIES	<u>20,399,083</u>	<u>9,056,688</u>
TOTAL LIABILITIES	<u>28,339,096</u>	<u>13,764,634</u>
 <u>NET ASSETS</u>		
Without donor restrictions	<u>2,739,005</u>	<u>1,796,939</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,078,101</u>	<u>\$ 15,561,573</u>

The accompanying notes are an integral part of the financial statements.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	24,221,138	\$ 19,206,224
Students with disabilities	2,677,285	2,294,000
Grants and contracts:		
State and local	86,685	50,217
Federal - Title and IDEA	1,410,525	887,736
Federal - other	-	2,588,844
NYC DOE Rental assistance	4,556,985	3,531,701
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>32,952,618</u>	<u>28,558,722</u>
Expenses:		
Program services:		
Regular education	19,863,107	16,481,365
Special education	6,499,321	6,217,935
TOTAL PROGRAM SERVICES	<u>26,362,428</u>	<u>22,699,300</u>
Management and general	7,080,306	5,326,506
TOTAL OPERATING EXPENSES	<u>33,442,734</u>	<u>28,025,806</u>
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(490,116)	532,916
Support and other revenue:		
Contributions:		
Individuals	15,325	2,792
Foundations	217,000	-
Employee Retention Credit	1,146,160	-
Fundraising	33,315	-
Other	2,136	-
Sublease rental income	15,000	12,000
Interest income	3,246	30
TOTAL SUPPORT AND OTHER REVENUE	<u>1,432,182</u>	<u>14,822</u>
CHANGE IN NET ASSETS	942,066	547,738
Net assets at beginning of year	1,796,939	1,249,201
NET ASSETS AT END OF YEAR	<u>\$ 2,739,005</u>	<u>\$ 1,796,939</u>

The accompanying notes are an integral part of the financial statements.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	No. of Positions June 30, 2024	Year ended June 30,						2023
		2024			2023			
		Program Services			Supporting Services			
	Regular Education	Special Education	Sub-total	Management and General	Sub-total	Total	Total	
Personnel services costs:								
Administrative staff personnel	49	\$ 2,861,611	\$ 700,857	\$ 3,562,468	\$ 3,877,396	\$ 3,877,396	\$ 7,439,864	\$ 5,516,590
Instructional personnel	116	7,829,337	2,905,272	10,734,609	-	-	10,734,609	8,984,536
Total salaries and wages	165	10,690,948	3,606,129	14,297,077	3,877,396	3,877,396	18,174,473	14,501,126
Fringe benefits and payroll taxes		2,540,235	856,838	3,397,073	921,293	921,293	4,318,366	3,666,049
Retirement		42,633	14,380	57,013	15,462	15,462	72,475	246,590
Legal services		-	-	-	59,780	59,780	59,780	102,715
Accounting/Audit services		-	-	-	36,200	36,200	36,200	34,700
Other Purchased/Professional/Consulting Services		427,921	144,341	572,262	447,066	447,066	1,019,328	698,184
Building rent		1,926,371	649,778	2,576,149	698,657	698,657	3,274,806	2,571,054
Repairs and maintenance		537,785	181,398	719,183	195,044	195,044	914,227	728,814
Insurance		193,847	65,386	259,233	70,304	70,304	329,537	164,759
Utilities		124,825	42,104	166,929	45,272	45,272	212,201	143,679
Supplies/Materials		294,326	72,085	366,411	-	-	366,411	594,637
Equipment/Furnishings		56,001	15,185	71,186	5,769	5,769	76,955	80,794
Staff development		8,281	2,042	10,323	55	55	10,378	26,162
Marketing/Recruitment		141,974	47,576	189,550	50,263	50,263	239,813	356,877
Technology		270,406	91,210	361,616	163,262	163,262	524,878	503,838
Food service		121,967	29,872	151,839	-	-	151,839	146,642
Student services		1,702,411	416,949	2,119,360	-	-	2,119,360	2,176,875
Office expense		111,301	37,543	148,844	251,294	251,294	400,138	337,955
Depreciation and amortization		663,855	223,923	887,778	240,767	240,767	1,128,545	879,022
Other		8,020	2,582	10,602	2,422	2,422	13,024	65,334
		\$ 19,863,107	\$ 6,499,321	\$ 26,362,428	\$ 7,080,306	\$ 7,080,306	\$ 33,442,734	\$ 28,025,806

The accompanying notes are an integral part of the financial statements.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 942,066	\$ 547,738
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,128,545	879,022
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivables	471,262	(593,513)
Contributions and other receivables	(1,160,737)	1,086
Prepaid expenses and other current assets	57,492	73,839
Deposits	200,000	(215,000)
Accounts payable and accrued expenses	(11,885)	844,942
Deferred lease incentive	(25,507)	(38,261)
Lease liabilities, net of right-of-use assets	<u>(1,234,342)</u>	<u>(81,728)</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	366,894	1,418,125
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(937,562)</u>	<u>(1,462,274)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(937,562)	(1,462,274)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings from related parties	2,350,000	629,000
Repayments to related parties	<u>(1,829,000)</u>	<u>(610,000)</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>521,000</u>	<u>19,000</u>
NET DECREASE IN CASH AND RESTRICTED CASH	(49,668)	(25,149)
Cash and restricted cash at beginning of year	<u>132,875</u>	<u>158,024</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 83,207</u>	<u>\$ 132,875</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	<u>\$ 14,566</u>	<u>\$ 11,644</u>
<u>NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable and accrued expenses	<u>\$ 437,691</u>	<u>\$ 63,660</u>
Borrowings from related parties converted to a contribution	<u>\$ 217,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Atmosphere Academy Public Charter School (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School started as a middle school with the mission of preparing students to be ready for college, career and life. On October 16, 2014 the Board of Trustees of the University of the State of New York (SUNY) granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. On January 31, 2020, the Charter School obtained a renewal through July 31, 2025. In May 2021, SUNY approved a revision to the Charter School's charter to open a High School serving grade 9th and 10th in the 2022-2023 school year, and an additional grade each year thereafter until full. During the year ended June 30, 2024, the Charter School served Grades 6-11.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter 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.

These classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current net assets without donor restrictions for specific purposes, projects or investment.

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 those 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. The Charter School had no net assets with donor restrictions at June 30, 2024 or 2023.

Cash

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

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Cash and restricted cash balances for the years ended June 30, 2024 and 2023 consisted of the following:

	June 30,	
	2024	2023
Cash	\$ 8,073	\$ 57,756
Cash in escrow	75,134	75,119
	<u>\$ 83,207</u>	<u>\$ 132,875</u>

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first three years of operations and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve.

Revenue and support recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Charter School records substantially all revenues over time as follows:

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

The following table summarizes contract balances at their respective statement of financial position dates:

	June 30,		
	2024	2023	2022
Contracts receivable	\$ 115,567	\$ 245,547	\$ 35,237

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. 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 substantially met.

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

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter 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 Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no revenue deferred at either June 30, 2024 or 2023. The Charter School received cost-reimbursement grants of approximately \$80,348 that had not been recognized at June 30, 2023, because qualifying expenditures had not yet been incurred.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. At each fiscal year end, the Charter School evaluates the need for an expected allowance for credit losses for all outstanding balances that fall under ASU 2014-09. As necessary, the allowance for credit losses is updated at fiscal year end to reflect any changes in credit risk since the receivable was initially recorded. The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist.

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs for the years ended June 30, 2024 and 2023.

Pledges receivable

Pledges receivable represent unconditional promises to give. Pledges that are expected to be collected within one year are recorded at their realizable value. Those that are to be collected in future years are recorded at the present value of estimated future collections. There were no pledges receivable at June 30, 2024 or 2023.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to seven years. Leasehold improvements are being amortized over the term of the lease.

Leases

The Charter School leases space in New York City and equipment and determines if an arrangement is a lease at inception. Operating and finance leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the accompanying statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the accompanying statements of financial position.

ROU assets represent the Charter School's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Charter School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating and finance lease ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Charter School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term, and for finance leases, as amortization expense and interest expense.

The Charter School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The Charter School received no contributed services for consulting and legal services for the years ended June 30, 2024 and 2023.

Tax exempt status

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

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2021 through June 30, 2024 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$239,800 and \$356,900 for the years ended June 30, 2024 and 2023, respectively.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Deposits

Deposits are made up of payments to third parties in connection with facility lease agreements.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standard – current expected credit losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Charter School that are subject to the guidance in FASB ASC 326 were receivables.

The Charter School adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through September 18, 2024, which is the date the financial statements are available to be issued. See Note J.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash and shows positive cash generated by operations for fiscal year 2024 and 2023.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2024 and 2023:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash	\$ 8,073	\$ 57,756
Grants and contracts receivables	354,102	825,364
Contributions and other receivables	<u>1,160,737</u>	<u>-</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,522,912</u>	<u>\$ 883,120</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 958,222	\$ 689,940
Office and classroom equipment	433,319	335,590
Leasehold improvements	4,855,111	4,167,806
Software	48,794	35,994
Computers and equipment	<u>968,633</u>	<u>659,496</u>
	7,264,079	5,888,826
Less accumulated depreciation	<u>3,856,307</u>	<u>2,727,762</u>
	<u>\$ 3,407,772</u>	<u>\$ 3,161,064</u>

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE D: LEASES

The Charter School currently leases its four facilities from third parties with monthly payments of approximately \$440,000 through June 2055. The leases have various remaining lease terms ranging from 3 to 31 years. The Charter School has three finance leases for office equipment. The leases have various remaining lease terms ranging from 1 to 3 years. Total lease expense for the years ended June 30, 2024 and 2023 was approximately \$3,275,000 and \$2,571,000, respectively.

The Charter School has two sublease agreements for certain facilities for the use of the space during summer months and after school. Sublease rental income for these agreements for the years ended June 30, 2024 and 2023 approximated \$15,000 and \$12,000, respectively.

A summary of operating and finance lease right-of-use assets and liabilities at June 30, 2024 and 2023 are as follows:

		<u>June 30,</u>	
		<u>2024</u>	<u>2023</u>
<u>Assets</u>	<u>Statement of Financial Position Classification</u>		
Finance lease	Other Assets	\$ 149,434	\$ 226,735
Operating lease	Other Assets	<u>25,611,792</u>	<u>10,646,986</u>
		<u>\$ 25,761,226</u>	<u>\$ 10,873,721</u>
<u>Liabilities</u>			
Current:			
Finance lease	Current liabilities	\$ 60,667	\$ 81,606
Operating lease	Current liabilities	4,387,643	2,055,936
Non-current:			
Finance lease	Other liabilities	88,767	145,129
Operating lease	Other liabilities	<u>20,310,316</u>	<u>8,911,559</u>
		<u>\$ 24,847,393</u>	<u>\$ 11,194,230</u>

The components of lease expense were as follows:

Finance lease cost:			
Amortization of right-of-use assets		\$ 173,517	\$ 91,183
Interest on lease liabilities		<u>13,498</u>	<u>7,920</u>
	Total finance lease costs	187,015	99,103
Operating lease cost		<u>4,449,265</u>	<u>2,301,810</u>
	Total lease cost	<u>\$ 4,636,280</u>	<u>\$ 2,400,913</u>

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE D: LEASES, Cont'd

As of June 30, 2024, minimum payments due for operating and finance lease liabilities are as follows:

	<u>Finance leases</u>	<u>Operating leases</u>	<u>Total</u>
2025	\$ 64,166	\$ 5,295,051	\$ 5,359,217
2026	56,549	3,846,065	3,902,614
2027	34,430	2,362,901	2,397,331
2028	-	2,372,089	2,372,089
2029	-	1,898,509	1,898,509
Thereafter	<u>-</u>	<u>21,616,708</u>	<u>21,616,708</u>
Total lease payments	155,145	37,391,323	37,546,468
Less: Interest	<u>(5,711)</u>	<u>(12,693,364)</u>	<u>(12,699,075)</u>
Present value of lease liabilities	<u>\$ 149,434</u>	<u>\$ 24,697,959</u>	<u>\$ 24,847,393</u>

Supplemental Information for the years ended June 30, 2024 and 2023:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for finance leases	\$ 187,015	\$ 99,103
Operating cash flows paid for operating leases	\$ 4,449,265	\$ 2,301,810
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Finance leases	\$ -	\$ 317,918
Operating leases	\$ 17,066,003	\$ 12,517,268
Weighted-average remaining lease term:		
Finance leases	2.17 years	3.39 years
Operating leases	21.39 years	6.00 years
Weighted-average discount rate:		
Finance leases	2.86%	2.86%
Operating leases	3.86%	2.90%

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE E: CONTINGENCY

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

NOTE F: CONCENTRATIONS

At June 30, 2024 and 2023, approximately 100% of grants and contract receivables are due from New York State and federal agencies relating to certain grants.

During the years ended June 30, 2024 and 2023, approximately 91% and 88%, respectively of total revenue, gains, and other support came from per-pupil funding and rental assistance provided by New York State through the New York City School District. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE G: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees are immediately eligible to participate in the Plan. The Plan allows for the Charter School to make a matching contribution to the Plan. The Charter School contributed approximately \$72,000 and \$247,000 to the Plan for the years ended June 30, 2024 and 2023, respectively.

NOTE H: DEFERRED LEASE INCENTIVE

During fiscal 2022, an existing lease for certain office equipment was bought out by a new vendor who provided a cash lease incentive to the Charter School. The deferred lease incentive associated with this buyout was amortized over the remaining life of the prior lease and was included in deferred lease incentive on the accompanying statement of financial position as of June 30, 2023.

NOTE I: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE J: RELATED PARTY TRANSACTIONS

Loans from related parties is summarized as follows:

	June 30,	
	<u>2024</u>	<u>2023</u>
Note payable to a Board Trustee in one installment of principal and interest at prime plus 100 basis points, which resets annually (9.50% at June 30, 2024) through July 2024. This loan was repaid in full subsequent to year end.	\$ 400,000	\$ -
Note payable to a Board Trustee in one installment of principal and interest at prime plus 100 basis points, which resets annually (9.50% at June 30, 2024) through July 2024. This loan was repaid in full subsequent to year end.	350,000	-
Notes repaid in 2024	<u>-</u>	<u>229,000</u>
	750,000	229,000
Less current portion	<u>750,000</u>	<u>229,000</u>
	<u>\$ -</u>	<u>\$ -</u>

The Charter School also received and repaid various notes in the amount of \$1,500,000 to a Board Trustee during the year ended June 30, 2024.

The Charter School is related to Atmosphere Foundation, Inc. (the "Foundation") through common board representation. There were contributions totaling \$217,000 from the Foundation for the year ended June 30, 2024. There were no contributions from the Foundation for the year ended June 30, 2023.

NOTE K: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2024</u>	<u>2023</u>
Undesignated	\$ (668,767)	\$ (1,364,125)
Invested in property and equipment	<u>3,407,772</u>	<u>3,161,064</u>
	<u>\$ 2,739,005</u>	<u>\$ 1,796,939</u>

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE L: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized no revenue relative to ESSER grants during the year ended June 30, 2024. The Charter School has recognized \$2,536,986 of revenue relative to ESSER grants during the year ended June 30, 2023.

In March, 2020, the CARES Act was enacted. Under the CARES Act, the Employee Retention Credit (“ERC”), a refundable wage-related tax credit, was made available to eligible employers. The Charter School recognized a net benefit of approximately \$1,146,160 recorded as other revenue related to this credit during the year ended June 30, 2024. The Charter School had not received this payment as of June 30, 2024 and it is included in contributions and other receivables. There is also approximately \$114,000 of expenses for the use of a consultant to calculate this credit included in the statement of functional expenses and accounts payable.

NOTE M: RENEWAL PROCESS

The Charter School is currently in the process of renewing its charter as granted by the New York State Board of Regents. The Charter currently expires July 31, 2025. The renewal process includes review by the State University of New York Charter Schools Institute (CSI) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. Upon review of the application and results, CSI will determine if the charter should be renewed and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Charter School expects the charter to be renewed.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

BRONX, NEW YORK

**SCHEDULES REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2024



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

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

Board of Trustees
Atmosphere Academy Public Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Atmosphere Academy Public Charter School, which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated September 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Atmosphere Academy Public Charter School's internal control over financial reporting (internal control) as a basis for designing 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 Atmosphere Academy Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Atmosphere Academy Public Charter School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Atmosphere Academy Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 18, 2024



BUSINESS
ADVISORS
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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Atmosphere Academy Public Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Atmosphere Academy Public Charter School’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 Atmosphere Academy Public Charter School’s major federal programs for the year ended June 30, 2024. Atmosphere Academy Public Charter School’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, Atmosphere Academy Public Charter School 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, 2024.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Atmosphere Academy Public Charter School'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 Atmosphere Academy Public Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Atmosphere Academy Public Charter School'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 Atmosphere Academy Public Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Atmosphere Academy Public Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Atmosphere Academy Public Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Atmosphere Academy Public Charter School as of and for the year ended June 30, 2024, and have issued our report thereon dated September 18, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 18, 2024

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

	<u>Federal AL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education:			
<u>Passed through New York State Education Department:</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 950,333
Title IIA - Supporting Effective Instruction State Grant	84.367	0147	88,578
Title III - English Language Acquisition State Grant	84.365	0293	19,416
Title IV - Student Support and Academic Enrichment Program	84.424	0204	<u>54,896</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 1,113,223</u>

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Cont'd

YEAR ENDED JUNE 30, 2024

NOTE A: BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of Atmosphere Academy Public Charter School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Atmosphere Academy Public Charter School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness (es) identified?	_____	yes	<u> x </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	<u> x </u> none reported
Noncompliance material to financial statements noted?	_____	yes	<u> x </u> no

Federal Awards

Internal control over major programs:			
• Material weakness (es) identified?	_____	yes	<u> x </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	<u> x </u> none reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	<u> x </u> no
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Identification of major program:

AL Number:

84.010

Name of Federal Program or Cluster:

Title I - Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:	<u> \$750,000 </u>
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Auditee qualified as low-risk auditee?	<u> x </u>	yes	_____	no
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ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd
YEAR ENDED JUNE 30, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

- NONE

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- NONE

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

- NONE