

Capital Prep Charter Schools NY

Financial Statements and
Uniform Guidance Schedules
Together With Independent Auditors' Reports

June 30, 2024 and 2023

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Independent Auditors' Report

Board of Trustees
Capital Prep Charter Schools NY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Capital Prep Charter Schools NY (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 the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School 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 Opinion

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 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 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 audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities and functional expenses by school for the year ended June 30, 2024 on pages 17 through 19 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 20, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, 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.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2024

Capital Prep Charter Schools NY

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Current Assets		
Cash	\$ 5,781,742	\$ 5,193,061
Grants and contracts receivable	647,960	1,302,077
Prepaid expenses and other current assets	128,483	51,987
Total Current Assets	6,558,185	6,547,125
Right of use assets - operating leases, net	71,462,403	74,593,451
Property and equipment, net	1,843,882	2,251,664
Security deposits	1,402,000	1,142,000
Restricted cash	150,000	150,000
	\$ 81,416,470	\$ 84,684,240
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 300,865	\$ 380,862
Refundable advances	29,643	59,211
Due to related party	970,169	699,425
Lease liability - finance lease, current portion	-	5,645
Lease liabilities - operating leases, current portion	1,816,915	2,217,809
Total Current Liabilities	3,117,592	3,362,952
Promissory note, related party	200,000	200,000
Lease liabilities - operating leases	71,235,655	73,590,070
Total Liabilities	74,553,247	77,153,022
Net assets, without donor restrictions	6,863,223	7,531,218
	\$ 81,416,470	\$ 84,684,240

See notes to financial statements

Capital Prep Charter Schools NY

Statements of Activities

	Year Ended June 30,	
	2024	2023
OPERATING REVENUE		
State and Local Per Pupil Operating Revenue		
General education	\$ 12,106,588	\$ 12,373,033
Special education	1,843,519	1,831,063
Lease assistance	2,869,565	3,363,248
Federal grants	1,273,888	3,588,481
Federal IDEA and E-Rate	277,904	313,630
State grants	82,006	47,996
Total Operating Revenue	18,453,470	21,517,451
EXPENSES		
Program Services		
Regular education	13,867,871	13,924,479
Special education	3,730,283	4,750,653
Total Program Services	17,598,154	18,675,132
Supporting Services		
Management and general	1,513,187	1,402,558
Fundraising	10,124	3,944
Total Expenses	19,121,465	20,081,634
 (Deficit) Surplus from Operations	 (667,995)	 1,435,817
SUPPORT AND OTHER REVENUE		
Grants and contributions	-	172,000
Other revenue	-	18,495
Total Support and Other Revenue	-	190,495
 Change in Net Assets	 (667,995)	 1,626,312
NET ASSETS, WITHOUT DONOR RESTRICTIONS		
Beginning of year	7,531,218	5,904,906
End of year	\$ 6,863,223	\$ 7,531,218

See notes to financial statements

Capital Prep Charter Schools NY

Statement of Functional Expenses
Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		
		Regular Education	Special Education	Total	Management and General	Fundraising	Total
Personnel Services Costs							
Administrative staff personnel	12	\$ 756,302	\$ 152,082	\$ 908,384	\$ 378,129	\$ 2,231	\$ 1,288,744
Instructional personnel	50	3,117,172	769,771	3,886,943	-	-	3,886,943
Non-instructional personnel	7	381,691	83,965	465,656	-	-	465,656
Total Personnel Services Costs	<u>69</u>	4,255,165	1,005,818	5,260,983	378,129	2,231	5,641,343
Fringe benefits and payroll taxes		856,110	243,140	1,099,250	81,006	193	1,180,449
Retirement		29,206	8,648	37,854	2,550	10	40,414
Management company fees		1,453,555	323,801	1,777,356	68,822	-	1,846,178
Legal services		-	-	-	81,171	-	81,171
Accounting/audit services		-	-	-	75,573	-	75,573
Other purchased/professional/consulting services		932,986	124,837	1,057,823	2,506	7	1,060,336
Building and land rent/lease		3,651,433	1,320,417	4,971,850	552,428	-	5,524,278
Repairs and maintenance		717,480	232,559	950,039	126,006	7,648	1,083,693
Insurance		52,631	16,924	69,555	7,728	-	77,283
Utilities		19,671	6,464	26,135	2,311	5	28,451
Supplies/materials		284,521	62,767	347,288	7,109	-	354,397
Equipment/furnishings		105,826	22,702	128,528	1,276	-	129,804
Staff development		48,169	11,317	59,486	17,539	-	77,025
Marketing/recruitment		59,113	14,853	73,966	2,648	9	76,623
Technology		277,559	85,324	362,883	27,171	8	390,062
Food services		556,922	114,473	671,395	-	-	671,395
Student services		98,795	18,712	117,507	-	-	117,507
Office expense		23,869	6,612	30,481	65,048	4	95,533
Depreciation and amortization		421,706	105,491	527,197	1,382	9	528,588
Other expenses		23,154	5,424	28,578	12,784	-	41,362
 Total Expenses		<u>\$ 13,867,871</u>	<u>\$ 3,730,283</u>	<u>\$ 17,598,154</u>	<u>\$ 1,513,187</u>	<u>\$ 10,124</u>	<u>\$ 19,121,465</u>

Capital Prep Charter Schools NY

Statement of Functional Expenses
Year Ended June 30, 2023

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	12	\$ 824,111	\$ 180,793	\$ 1,004,904	\$ 354,905	\$ 1,927	\$ 1,361,736
Instructional personnel	56	2,736,852	1,338,179	4,075,031	-	-	4,075,031
Non-instructional personnel	6	510,862	141,098	651,960	-	-	651,960
Total Personnel Services Costs	<u>74</u>	<u>4,071,825</u>	<u>1,660,070</u>	<u>5,731,895</u>	354,905	1,927	6,088,727
Fringe benefits and payroll taxes		795,289	328,959	1,124,248	68,125	158	1,192,531
Retirement		24,909	11,713	36,622	1,431	7	38,060
Management company fees		1,661,158	381,698	2,042,856	110,740	-	2,153,596
Legal services		-	-	-	130,621	-	130,621
Accounting/audit services		-	-	-	66,553	-	66,553
Other purchased/professional/consulting services		1,044,388	213,197	1,257,585	1,851	4	1,259,440
Building and land rent/lease		3,572,252	1,316,174	4,888,426	417,252	1,388	5,307,066
Repairs and maintenance		659,187	232,243	891,430	86,128	272	977,830
Insurance		51,829	18,815	70,644	6,294	21	76,959
Utilities		191,761	65,801	257,562	28,926	77	286,565
Supplies/materials		215,955	56,514	272,469	-	-	272,469
Equipment/furnishings		52,224	17,831	70,055	7,316	-	77,371
Staff development		67,989	19,825	87,814	4,357	-	92,171
Marketing/recruitment		63,657	19,899	83,556	3,382	6	86,944
Technology		239,105	100,564	339,669	20,077	50	359,796
Food services		528,824	124,348	653,172	-	-	653,172
Student services		223,326	47,981	271,307	-	-	271,307
Office expense		30,899	12,188	43,087	53,281	5	96,373
Depreciation and amortization		411,741	116,634	528,375	7,036	29	535,440
Other expenses		18,161	6,199	24,360	34,283	-	58,643
Total Expenses		<u>\$ 13,924,479</u>	<u>\$ 4,750,653</u>	<u>\$ 18,675,132</u>	<u>\$ 1,402,558</u>	<u>\$ 3,944</u>	<u>\$ 20,081,634</u>

See notes to financial statements

Capital Prep Charter Schools NY

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (667,995)	\$ 1,626,312
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	528,588	535,440
Amortization of right of use assets - operating leases	3,131,048	3,003,186
Changes in operating assets and liabilities		
Grants and contracts receivable	654,117	1,242,610
Prepaid expenses and other current assets	(76,497)	(8,013)
Security deposits	(260,000)	(400,000)
Accounts payable and accrued expenses	(79,997)	3,643
Refundable advances	(29,568)	(56,053)
Due to related party	270,744	(188,629)
Operating lease liabilities	<u>(2,755,308)</u>	<u>(2,105,423)</u>
Net Cash from Operating Activities	<u>715,132</u>	<u>3,653,073</u>
 CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment	<u>(120,806)</u>	<u>(1,240,300)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of promissory note, related party	-	(100,000)
Principal payments on finance lease liability	<u>(5,645)</u>	<u>(17,648)</u>
Net Cash from Financing Activities	<u>(5,645)</u>	<u>(117,648)</u>
 Net Change in Cash and Restricted Cash	588,681	2,295,125
 CASH AND RESTRICTED CASH		
Beginning of year	<u>5,343,061</u>	<u>3,047,936</u>
 End of year	<u>\$ 5,931,742</u>	<u>\$ 5,343,061</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 4,556,020	\$ 4,409,300
Operating right of use assets recognized in exchange for operating lease liabilities	-	76,185,457

See notes to financial statements

Capital Prep Charter Schools NY

Notes to Financial Statements
June 30, 2024 and 2023

1. Organization and Tax Status

Capital Prep Charter Schools NY is a New York State, not-for-profit educational corporation operating in New York City pursuant to Article 56 of the Education Law of the State of New York. The accompanying financial statements include the following charter schools, collectively referred to as the "School":

Capital Preparatory Bronx Charter School ("CP Bronx") is a New York State, not-for-profit educational corporation that was incorporated on October 4, 2018 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. CP Bronx was granted a provisional charter on October 4, 2018 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York (the "Board of Regents"). CP Bronx's charter will expire July 31, 2025. CP Bronx opened in the fall of 2020.

Capital Preparatory Harlem Charter School ("CP Harlem") is a New York State, not-for-profit educational corporation that was incorporated on November 18, 2014 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. CP Harlem was granted a provisional charter on November 18, 2014 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York (the "Board of Regents"). Effective July 1, 2019, CP Harlem's charter approval was amended and restated to merge CP Harlem and CP Bronx into a single not-for-profit legal entity. The Board of Regents approved and issued a renewal to the School's charter now expiring on June 30, 2026.

CP Bronx and CP Harlem merged into a single not-for-profit legal entity under CP Bronx, which serves as the sole surviving educational corporation. The plan of merger was approved by the State University of New York Charter School Committee on June 14, 2019, and became effective for financial purposes on July 1, 2019. Each school is authorized by the Charter Schools Institute of the State University of New York under CP Bronx's provisional charter, as amended to effect the merger, and the surviving entity's name was changed to Capital Prep Charter Schools NY.

On October 9, 2024, the SUNY Board of Trustees' Charter Schools Committee approved a resolution authorizing the establishment of Capital Preparatory Charter School New Rochelle. The third charter school is expected to open in the fall of 2026.

The School's mission is to provide historically disadvantaged students with the college and career readiness skills needed to become responsible and engaged citizens for social justice. The School provided education to approximately 654 students in grades sixth through twelfth during the 2023-2024 academic year.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

Capital Prep Charter Schools NY

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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 revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Net Asset Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general support of the School’s operations and not subject to donor or grantor restrictions. Net assets without donor restrictions may be used at the discretion of the School’s management and Board of Trustees.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor imposed restrictions for specific activities of the School or to be used at some future date. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The School had no donor restricted net assets at June 30, 2024 and 2023.

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 5,781,742	\$ 5,193,061
Restricted cash	150,000	150,000
	<u>\$ 5,931,742</u>	<u>\$ 5,343,061</u>

Capital Prep Charter Schools NY

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$5,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Furniture and fixtures	7 years
Computers and equipment	5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value less costs to sell. There were no asset impairments for the years ended June 30, 2024 and 2023.

Leases

The School accounts for leases under Topic 842. The School determines if an arrangement is a lease at inception. Operating and finance leases are included in operating and finance right-of-use ("ROU") assets and lease liabilities in the statements of financial position. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the School made the short-term lease election.

ROU assets represent the 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 lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. When leases do not provide an implicit borrowing rate, the School uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that the School will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The School's lease agreements do not contain any variable lease components. The School applies the short-term lease exemption to all of its classes of underlying assets.

Capital Prep Charter Schools NY

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current period activities are recorded as revenue without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Marketing and Recruitment

Marketing and recruitment costs are expensed as incurred for staff and student recruitment. Marketing and recruitment expense for the years ended June 30, 2024 and 2023 were \$76,623 and \$86,944.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses, such as personnel services costs, fringe benefits and payroll taxes, other purchased, professional and consulting services, and building and land rent/lease have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for the years ended June 30, 2021.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 28, 2024.

3. Grants and Contracts Receivable

Grants and contracts receivable consists of federal, state, city entitlements and grants. The School expects to collect these receivables within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

Capital Prep Charter Schools NY

Notes to Financial Statements
June 30, 2024 and 2023

4. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 1,336,963	\$ 1,282,793
Computers and equipment	2,112,568	2,063,791
Leasehold improvements	<u>1,037,549</u>	<u>1,019,690</u>
	4,487,080	4,366,274
Accumulated depreciation and amortization	<u>(2,643,198)</u>	<u>(2,114,610)</u>
	<u>\$ 1,843,882</u>	<u>\$ 2,251,664</u>

5. Liquidity and Availability of Financial Assets

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, are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 5,781,742	\$ 5,193,061
Grants and contracts receivable	<u>647,960</u>	<u>1,302,077</u>
	<u>\$ 6,429,702</u>	<u>\$ 6,495,138</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is invested in highly liquid instruments. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (see Note 8).

6. Related Party Transactions (not disclosed elsewhere)

The School is related to Capital Preparatory Schools, Inc. ("CPS"), a Connecticut non-stock corporation, by common management.

During fiscal 2017, the School entered into a full service agreement with CPS to undertake, on its behalf, functions in regards to business, administrative, and academic services of the School. Effective March 10, 2020, this agreement was amended and expired on June 30, 2021 for CP Harlem and will expire on July 31, 2025 for CP Bronx, and shall continue thereafter for five year terms to run concurrent with each of the schools' respective charters. As compensation to CPS for these services rendered, during the years ended June 30, 2024 and 2023, the School paid to CPS an amount equal to 10% of the School's gross revenues, which is defined under the full service agreement as funding provided by state, federal, and local government (if applicable) but shall exclude any competitive public grants and private grant funding awarded to the School.

Capital Prep Charter Schools NY

Notes to Financial Statements
June 30, 2024 and 2023

6. Related Party Transactions (not disclosed elsewhere) (continued)

For the years ended June 30, 2024 and 2023, the School incurred \$1,846,178 and \$2,153,596 in management fees to CPS, along with \$396,971 and \$482,297 of operating expenses paid by CPS on behalf of the School. Net balance due to CPS from the School was \$970,169 and \$699,425 at June 30, 2024 and 2023.

On March 25, 2019, the School entered into a promissory note payable with CPS in the amount of \$500,000 to fund the security deposit under a lease agreement for space located at 1660 Boone Avenue, Bronx, New York. The note matured on June 1, 2024 and does not bear interest. The note is payable in five annual equal installments of \$100,000 by June 1st of each year, starting with June 1, 2020. On October 7, 2020, the School amended and restated its promissory note payable with CPS to fund a portion of the security deposit under the lease agreement for the space at 41 East 129th Street, New York, New York (see Note 9). The School and CPS are currently in the process of negotiating the remaining payment terms.

The School is related to Friends of Capital Preparatory Harlem Charter School, Inc. ("FOCPHCS"), a New York not-for-profit organization, by one common Board member. There were no transactions with FOCPHCS for the years ended June 30, 2024 and 2023, except for payments made under a sublease agreement signed March 26, 2021 (see Note 9).

The School is related to Friends of Capital Preparatory Charter School New York, Inc. ("FOCPCSNY"), a New York not-for-profit organization, by one common Board member. FOCPCSNY entered into a lease agreement with Co-Op City Charter School Owner LLC (the "Landlord") for space at 801 Co-Op City. The School paid a security deposit in the amount of \$250,000 under this lease. Effective October 21, 2024, this lease agreement was terminated. The School and the Landlord are currently negotiating the return of the security deposit to the School.

7. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k), for the benefit of its eligible employees. Under the plan, the School provided matching contributions up to 4% of the participant's annual compensation. Employee match for the years ended June 30, 2024 and 2023 amounted to \$40,414 and \$38,523.

8. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and restricted cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2024 and 2023, approximately \$5,680,000 and \$5,093,000 of cash was maintained with an institution in excess of FDIC limits.

Capital Prep Charter Schools NY

Notes to Financial Statements
June 30, 2024 and 2023

8. Concentration of Credit Risk *(continued)*

The School receives a substantial portion of its revenue and support from the New York City Department of Education (“NYCDOE”). For the years ended June 30, 2024 and 2023, the School received approximately 90% and 80% of its total revenue and support from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School’s finances could be materially adversely affected.

9. Commitments

Operating Leases

On February 10, 2020, the School entered into an operating lease agreement with 755 Coop City LLC, to lease a building located at 755 Co-op City Boulevard, Bronx, NY 10475 for CP Bronx. The lease term commenced on July 1, 2020 and expired on December 31, 2022 with an option to extend the lease until June 30, 2023. On January 18, 2023, the agreement was amended to expire on June 30, 2026. Under the terms of the agreement, the School paid a security deposit in the amount of \$142,000.

On March 26, 2021, the School entered into an operating sublease agreement with FOCPHCS to lease a building located at 41 East 129th Street, New York, NY for CP Harlem. The lease term commenced on July 1, 2022 and expires on June 30, 2053, with two options to extend the lease for five years each. The School is a guarantor for the original lease agreement between FOCPHCS and the landlord. Effective July 1, 2022, CP Harlem moved into this new facility. Moving costs associated with this move amounted to \$201,099 for the year ended June 30, 2022. Under the terms of the agreement, the School paid a security deposit in the amount of \$1,000,000.

Operating right of use assets are as follows as of June 30, 2024:

	CP Harlem	CP Bronx	Total
Right of use assets - operating leases	\$ 71,284,480	\$ 6,312,157	\$ 77,596,637
Less: accumulated amortization	<u>(3,124,182)</u>	<u>(3,010,052)</u>	<u>(6,134,234)</u>
	<u>\$ 68,160,298</u>	<u>\$ 3,302,105</u>	<u>\$ 71,462,403</u>

Weighted average remaining lease term (years)	27.78
Weighted average discount rate	3.13%

Operating right of use assets are as follows as of June 30, 2023:

	CP Harlem	CP Bronx	Total
Right of use assets - operating leases	\$ 71,284,480	\$ 6,312,157	\$ 77,596,637
Less: accumulated amortization	<u>(1,553,069)</u>	<u>(1,450,117)</u>	<u>(3,003,186)</u>
	<u>\$ 69,731,411</u>	<u>\$ 4,862,040</u>	<u>\$ 74,593,451</u>

Capital Prep Charter Schools NY

Notes to Financial Statements
June 30, 2024 and 2023

9. Commitments *(continued)*

Operating Leases (continued)

Weighted average remaining lease term (years)	28.25
Weighted average discount rate	3.14%

Future minimum operating lease payments are as follows for years ending June 30:

	CP Harlem	CP Bronx	Total
2025	\$ 2,566,307	\$ 1,508,333	\$ 4,074,640
2026	2,919,383	1,750,000	4,669,383
2027	2,977,771	-	2,977,771
2028	3,037,326	-	3,037,326
2029	3,098,073	-	3,098,073
Thereafter	96,134,128	-	96,134,128
Total minimum lease payments	110,732,988	3,258,333	113,991,321
Present value discount	(40,818,092)	(120,659)	(40,938,751)
Present value of lease liabilities	69,914,896	3,137,674	73,052,570
Current portion	(400,035)	(1,416,880)	(1,816,915)
Lease liabilities, less current portion	\$ 69,514,861	\$ 1,720,794	\$ 71,235,655

Building and land rent/lease expense for the years ended June 30, 2024 and 2023 was \$5,524,278 and \$5,307,066. There were no variable or short-term lease costs for the years ended June 30, 2024 and 2023.

10. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost 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.

* * * * *

Capital Prep Charter Schools NY

Supplementary Information

June 30, 2024

Capital Prep Charter Schools NY

Schedule of Activities by School
Year Ended June 30, 2024

	CP Harlem	CP Bronx	Total
OPERATING REVENUE			
State and Local Per Pupil Operating Revenue			
General education	\$ 3,880,263	\$ 8,226,325	\$ 12,106,588
Special education	799,459	1,044,060	1,843,519
Lease assistance	1,119,565	1,750,000	2,869,565
Federal grants	530,156	743,732	1,273,888
Federal IDEA and E-Rate	192,403	85,501	277,904
State grants	30,279	51,727	82,006
Total Operating Revenue	6,552,125	11,901,345	18,453,470
EXPENSES			
Program Services			
Regular education	6,425,296	7,442,575	13,867,871
Special education	2,289,730	1,440,553	3,730,283
Total Program Services	8,715,026	8,883,128	17,598,154
Supporting Services			
Management and general	813,566	699,621	1,513,187
Fundraising	8,908	1,216	10,124
Total Expenses	9,537,500	9,583,965	19,121,465
 Change in Net Assets (Deficit)	 (2,985,375)	 2,317,380	 (667,995)
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS			
Beginning of year	2,982,908	4,548,310	7,531,218
End of year	\$ (2,467)	\$ 6,865,690	\$ 6,863,223

Capital Prep Charter Schools NY

Schedule of Functional Expenses - CP Harlem
Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	4	\$ 318,043	\$ 72,570	\$ 390,613	\$ 122,439	\$ 1,020	\$ 514,072
Instructional personnel	21	1,252,473	438,263	1,690,736	-	-	1,690,736
Non-instructional personnel	3	159,460	47,508	206,968	-	-	206,968
Total Personnel Services Costs	28	1,729,976	558,341	2,288,317	122,439	1,020	2,411,776
Fringe benefits and payroll taxes		328,878	105,915	434,793	23,226	193	458,212
Retirement		16,753	5,407	22,160	1,186	10	23,356
Management company fees		430,624	155,995	586,619	68,822	-	655,441
Legal services		-	-	-	49,160	-	49,160
Accounting/audit services		-	-	-	38,393	-	38,393
Other purchased/professional/consulting services		313,390	21,958	335,348	663	5	336,016
Building and land rent/lease		2,402,124	1,029,482	3,431,606	381,290	-	3,812,896
Repairs and maintenance		334,578	143,390	477,968	53,108	7,648	538,724
Insurance		23,852	10,222	34,074	3,786	-	37,860
Utilities		12,711	4,653	17,364	1,548	5	18,917
Supplies/materials		120,207	35,813	156,020	7,109	-	163,129
Equipment/furnishings		30,106	9,160	39,266	-	-	39,266
Staff development		714	213	927	13,758	-	14,685
Marketing/recruitment		25,667	8,049	33,716	1,147	9	34,872
Technology		166,186	56,335	222,521	14,966	8	237,495
Food services		172,624	51,431	224,055	-	-	224,055
Student services		18,714	5,575	24,289	-	-	24,289
Office expense		6,414	2,069	8,483	32,206	4	40,693
Depreciation and amortization		268,624	80,298	348,922	759	6	349,687
Other expenses		23,154	5,424	28,578	-	-	28,578
Total Expenses		\$ 6,425,296	\$ 2,289,730	\$ 8,715,026	\$ 813,566	\$ 8,908	\$ 9,537,500

See independent auditors' report

Capital Prep Charter Schools NY

Schedule of Functional Expenses - CP Bronx
Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	8	\$ 438,259	\$ 79,512	\$ 517,771	\$ 255,690	\$ 1,211	\$ 774,672
Instructional personnel	29	1,864,699	331,508	2,196,207	-	-	2,196,207
Non-instructional personnel	4	222,231	36,457	258,688	-	-	258,688
Total Personnel Services Costs	41	2,525,189	447,477	2,972,666	255,690	1,211	3,229,567
Fringe benefits and payroll taxes		527,232	137,225	664,457	57,780	-	722,237
Retirement		12,453	3,241	15,694	1,364	-	17,058
Management company fees		1,022,931	167,806	1,190,737	-	-	1,190,737
Legal services		-	-	-	32,011	-	32,011
Accounting/audit services		-	-	-	37,180	-	37,180
Other purchased/professional/consulting services		619,596	102,879	722,475	1,843	2	724,320
Building and land rent/lease		1,249,309	290,935	1,540,244	171,138	-	1,711,382
Repairs and maintenance		382,902	89,169	472,071	72,898	-	544,969
Insurance		28,779	6,702	35,481	3,942	-	39,423
Utilities		6,960	1,811	8,771	763	-	9,534
Supplies/materials		164,314	26,954	191,268	-	-	191,268
Equipment/furnishings		75,720	13,542	89,262	1,276	-	90,538
Staff development		47,455	11,104	58,559	3,781	-	62,340
Marketing/recruitment		33,446	6,804	40,250	1,501	-	41,751
Technology		111,373	28,989	140,362	12,205	-	152,567
Food services		384,298	63,042	447,340	-	-	447,340
Student services		80,081	13,137	93,218	-	-	93,218
Office expense		17,455	4,543	21,998	32,842	-	54,840
Depreciation and amortization		153,082	25,193	178,275	623	3	178,901
Other expenses		-	-	-	12,784	-	12,784
Total Expenses		\$ 7,442,575	\$ 1,440,553	\$ 8,883,128	\$ 699,621	\$ 1,216	\$ 9,583,965

Capital Prep Charter Schools NY

Uniform Guidance
Schedules and Reports

June 30, 2024

Capital Prep Charter Schools NY

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Pass-Through New York State Education Department:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	not available	\$ -	\$ 190,057
National School Lunch Program	10.555	not available	-	492,156
COVID-19 - Supply Chain Assistance Funds	10.555	not available	-	21,417
Total Child Nutrition Cluster			-	703,630
Total U.S. Department of Agriculture			-	703,630
<u>U.S. Department of Education</u>				
Pass-Through New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021-24-5295	-	218,508
Title I Grants to Local Educational Agencies	84.010	0021-24-5640	-	183,732
			-	402,240
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5295	-	16,620
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5640	-	23,090
			-	39,710
Student Support and Academic Enrichment Program	84.424	0204-24-5295	-	10,378
Student Support and Academic Enrichment Program	84.424	0204-24-5640	-	13,073
			-	23,451
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-5640	-	439
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund II	84.425D	5891-21-5295	-	192
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-5295	-	20,900
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-5640	-	55,839
			-	77,370
Special Education Cluster (IDEA)-Cluster				
Pass-Through New York State Education Department:				
COVID-19 - Special Education Grants to States	84.027	not available	-	27,487
Total U.S. Department of Education			-	570,258
Total Expenditures of Federal Awards			\$ -	\$ 1,273,888

See independent auditors' report and notes to schedule of expenditures of federal awards

Capital Prep Charter Schools NY

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Capital Prep Charter Schools NY (the "School"), under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

2. **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. **Indirect Cost Rate**

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

**Board of Trustees
Capital Prep Charter Schools NY**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital Prep Charter Schools NY (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 the financial statements, and have issued our report thereon dated October 28, 2024.

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 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 or significant deficiencies may exist that were not identified.

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 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2024

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

Independent Auditors' Report

**Board of Trustees
Capital Prep Charter Schools NY**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Capital Prep Charter Schools NY's (the "School") 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 the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the 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 the School's federal programs.

Auditors' 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 the 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 generally accepted auditing standards, *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 the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the 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 the 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 the 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 Auditors' 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.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2024

Capital Prep Charter Schools NY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2024.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.