

Central Queens Academy Charter School

Audited Financial Statements

In Accordance with *Government Auditing Standards*

June 30, 2024

Central Queens Academy Charter School

Audited Financial Statements

June 30, 2024

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Independent Auditor's Report

To the Board of Directors
Central Queens Academy Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Central Queens Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities, 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 the 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 the 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 the School's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS 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 Summarized Comparative Information

We have previously audited the School's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 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 statement from which it was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 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.

Sax CPAs LLP

New York, NY
October 21, 2024

Central Queens Academy Charter School

Statement of Financial Position

At June 30, 2024
(With comparative totals at June 30, 2023)

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 20,731,200	\$ 15,129,029
Government grants receivable - per pupil funding	-	5,898
Government grants receivable - other	251,197	786,650
Pledges receivable, net	90,695	206,388
Prepaid expenses	396,609	359,871
Security deposit	2,017,492	1,517,492
Property and equipment, net	1,587,598	899,159
Right of use assets	86,530,006	85,837,790
Restricted cash	83,709	81,000
	\$ 111,688,506	\$ 104,823,277
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,117,775	\$ 1,750,454
Government grant advances - per pupil funding	6,991	-
Conditional contributions	121,660	111,650
Lease liabilities	91,848,212	88,717,185
Total liabilities	94,094,638	90,579,289
NET ASSETS		
Without donor restrictions	16,946,868	13,832,988
With donor restrictions	647,000	411,000
Total net assets	17,593,868	14,243,988
	\$ 111,688,506	\$ 104,823,277

The attached notes and auditor's report are an integral part of these financial statements.

Central Queens Academy Charter School

Statement of Activities

For the Year Ended June 30, 2024
(With comparative totals for the year ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/2024	Total 6/30/2023
PUBLIC SUPPORT AND REVENUE				
Public school district revenue:				
Resident student enrollment	\$ 14,707,922	\$ -	\$ 14,707,922	\$ 12,367,394
Students with disabilities	994,902	-	994,902	865,519
Total public school district revenue	15,702,824	-	15,702,824	13,232,913
Government grants:				
New York City rental assistance	3,254,878	-	3,254,878	2,575,871
Other government grants	1,133,401	-	1,133,401	1,992,283
Total government grants	4,388,279	-	4,388,279	4,568,154
Contributions	1,946,378	510,000	2,456,378	635,603
Donated services	85,160	-	85,160	38,872
Interest income	624,980	-	624,980	421,542
Other income	4,492	-	4,492	22,407
	2,661,010	510,000	3,171,010	1,118,424
NET ASSETS RELEASED FROM RESTRICTIONS				
Release from restriction	274,000	(274,000)	-	-
Total public support and revenue	23,026,113	236,000	23,262,113	18,919,491
EXPENSES				
Program services				
Regular education	15,848,136	-	15,848,136	13,009,544
Special education	2,345,121	-	2,345,121	1,895,511
Total program services	18,193,257	-	18,193,257	14,905,055
Supporting services				
Management and general	1,247,067	-	1,247,067	1,799,614
Fundraising	471,909	-	471,909	658,130
Total supporting services	1,718,976	-	1,718,976	2,457,744
Total expenses	19,912,233	-	19,912,233	17,362,799
Change in net assets	3,113,880	236,000	3,349,880	1,556,692
NET ASSETS, beginning of year	13,832,988	411,000	14,243,988	12,687,296
NET ASSETS, end of year	\$ 16,946,868	\$ 647,000	\$ 17,593,868	\$ 14,243,988

The attached notes and auditor's report are an integral part of these financial statements.

Central Queens Academy Charter School

Statement of Functional Expenses

For the Year Ended June 30, 2024

(With comparative totals for the year ended June 30, 2023)

	Program Services			Supporting Services			Total Expenses 6/30/2024	Total Expenses 6/30/2023
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries:								
Instructional personnel	\$ 5,752,774	\$ 734,999	\$ 6,487,773	\$ -	\$ -	\$ -	\$ 6,487,773	\$ 4,979,991
Non-instructional personnel	2,005,883	330,320	2,336,203	592,347	275,500	867,847	3,204,050	2,652,987
Additional compensation	59,659	10,554	70,213	4,761	1,210	5,971	76,184	84,019
Payroll taxes and employee benefits	1,404,154	248,403	1,652,557	112,058	28,475	140,533	1,793,090	1,481,534
Total personnel costs	9,222,470	1,324,276	10,546,746	709,166	305,185	1,014,351	11,561,097	9,198,531
Professional fees	134,698	22,629	157,327	31,937	2,594	34,531	191,858	269,422
In-kind professional fees	66,798	11,817	78,615	5,331	1,354	6,685	85,300	38,872
Occupancy	4,907,328	868,134	5,775,462	399,472	99,516	498,988	6,274,450	6,198,961
Repairs and maintenance	38,209	6,759	44,968	3,049	775	3,824	48,792	28,858
Insurance	59,307	10,492	69,799	4,733	1,203	5,936	75,735	73,653
Utilities	183,215	32,412	215,627	14,621	3,715	18,336	233,963	212,896
Curriculum and classroom expenses	616,555	-	616,555	-	-	-	616,555	651,915
Classroom supplies and materials	209,958	-	209,958	-	-	-	209,958	167,014
Equipment	50,383	8,913	59,296	4,021	1,022	5,043	64,339	37,750
Professional development	31,041	2,052	33,093	47,717	235	47,952	81,045	42,240
Student and staff recruitment	65,871	11,233	77,104	5,067	50,992	56,059	133,163	91,490
Information technology	48,420	8,566	56,986	3,864	982	4,846	61,832	79,791
Office expenses	19,652	3,477	23,129	1,568	399	1,967	25,096	17,236
Communications	9,568	1,693	11,261	764	193	957	12,218	12,203
Miscellaneous	4,445	786	5,231	1,375	90	1,465	6,696	10,165
Depreciation	180,218	31,882	212,100	14,382	3,654	18,036	230,136	231,802
Total other than personnel costs	6,625,666	1,020,845	7,646,511	537,901	166,724	704,625	8,351,136	8,164,268
Total expenses	\$ 15,848,136	\$ 2,345,121	\$ 18,193,257	\$ 1,247,067	\$ 471,909	\$ 1,718,976	\$ 19,912,233	\$ 17,362,799

The attached notes and auditor's report are an integral part of these financial statements.

Central Queens Academy Charter School

Statement of Cash Flows

For the Year Ended June 30, 2024
(With comparative totals for the year ended June 30, 2023)

	June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,349,880	\$ 1,556,692
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	230,136	231,802
Changes in assets and liabilities		
Government grants receivable - per pupil funding	5,898	(5,898)
Government grants receivable - rental assistance	-	18,632
Government grants receivable - other	535,453	(366,475)
Pledges receivable	115,693	198,469
Prepaid expenses	(36,738)	(192,070)
Security deposit	(500,000)	199,028
Accounts payable and accrued expenses	367,321	176,710
Due to related entity	-	(33,162)
Government grant advances - per pupil funding	6,991	(3,334)
Government grant advances - other	-	(64,544)
Deferred revenue	10,010	111,650
Lease liability	2,438,811	2,879,395
Cash flows provided by operating activities	6,523,455	4,706,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(918,575)	(349,428)
Cash flows used for investing activities	(918,575)	(349,428)
Net increase in cash, cash equivalents and restricted cash	5,604,880	4,357,467
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	15,210,029	10,852,562
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	\$ 20,814,909	\$ 15,210,029
Cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 20,731,200	\$ 15,129,029
Restricted cash	83,709	81,000
Total cash, cash equivalents and restricted cash	\$ 20,814,909	\$ 15,210,029

SUPPLEMENTAL CASH FLOW INFORMATION

No interest or taxes were paid.

The attached notes and auditor's report are an integral part of these financial statements.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 1 - Nature of Activities

Central Queens Academy Charter School (the "School"), located in Queens, New York, is a not-for-profit education corporation chartered by the Regents of the University of the State of New York. The charter was authorized by SUNY Charter Schools Institute. The School was founded by a team of educators, parents, and youth advocates in partnership with APEX, a youth development organization with almost 20 years of experience working with Asian immigrant youth in New York.

The School's academic program is designed to meet the needs of a highly diverse student body. The School has grounded this program in its core values and will implement its mission using research-based methods that have worked in other schools. Its curriculum is aligned with the Common Core State Standards and New York State Standards and has been designed to make sure that students learn what they need to know in a rigorous and fun environment.

The School has the following programs:

- Regular Education - instruction provided to all students
- Special Education - instruction that is specially designed to meet the unique needs of students with disabilities

The School has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. They have not been designated as a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the School have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statement of Not-For-Profit Entities*. FASB ASC 958 requires the School to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets Without Donor Restrictions* - represents all activity without donor-imposed restrictions.
- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

c. Revenue Recognition

The School follows the requirements of the FASB's Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions expected to be received within one year are recorded at net realizable value. Long term pledges are recorded at fair value, using risk - adjusted present value techniques.

Contributions may be subject to conditions, which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. There were no conditional promises to give that have not been recognized at June 30, 2024 and 2023.

The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions as defined above. Revenue from these transactions is recognized based on rates established by the School's funding sources and when performance related outcomes are achieved as well as other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Management assesses the collectability of all outstanding receivables based upon historical trends, experience with donors and grantors and the uncertain economic impact of the pandemic. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2024 or 2023.

d. Cash and Cash Equivalents

The School considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash maintained in escrow per requirements of the New York City Department of Education ("NYCDOE") are treated as restricted cash.

e. Concentration of Credit Risk

Financial instruments, which potentially subject the School to a concentration of credit risk, consist of cash and money market accounts, which have been placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, material cash balances were in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance levels; however, management feels they have little risk, and the School has not experienced any losses from the default of any financial institution.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

f. Capitalization Policy

Computer hardware, furniture, leasehold improvements, and equipment are stated at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of \$2,000 that have a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which generally are between 3 and 5 years or the life of the lease.

g. Leases

The School determines if an arrangement is or contains a lease at inception. Leases are included in Right-of-use assets and lease liabilities in the statement of financial position. Right-of-use assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and Right-of-use assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The School does not report Right-of-use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option.

h. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

The School received in-kind professional legal services that were valued at \$85,160 and \$38,872 for the years ended June 30, 2024 and 2023, respectively. Donated legal services, which are included in management and general on the statement of functional expenses, are valued at the standard hourly rates charged for those services.

The School pays for most other services requiring specific expertise. Board members and other individuals volunteer their time, support its mission, and accomplish its programmatic goals. These services do not meet the criteria for recognition as outlined above and have not been recorded in the financial statements.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

i. Functional Allocation of Expenses - Continued

The following expenses were allocated using the full time equivalent of staff allocation as the basis:

- Salaries: payroll taxes and employee benefits
- Occupancy
- Repairs and maintenance
- Insurance
- Utilities
- Equipment
- Student and staff recruitment
- Information technology
- Office expenses
- Communications
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

j. Advertising

The cost of advertising is expensed as incurred.

k. Related Party Transactions

The School is related to a separate entity, Friends of Central Queens Academy Charter School ("FCQACS") through common board members. See Notes 6 and 9 for a description of various transactions with this related entity.

l. Use of Estimates

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

m. Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the School's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

n. Accounting for Uncertainty of Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

Note 3 - Government Grants Receivable/Advances - Per Pupil

Grant advances payable and receivables on the contract with the NYCDOE can be summarized as follows:

	June 30,	
	2024	2023
Beginning grants (advance) receivable	\$ 5,898	\$ (3,334)
Recognition (collection) of prior year balance	(5,898)	3,334
Funding based on allowable FRE's	15,702,824	13,232,913
Advances received	(15,709,815)	(13,227,015)
Ending grants (advance) receivable - per pupil	\$ (6,991)	\$ 5,898

Note 4 - Pledges Receivable

Pledges receivable are due in the following periods:

	June 30,	
	2024	2023
For the years ending June 30,		
2024	\$ 17,695	\$ 63,388
2025	75,000	75,000
2026	-	75,000
	92,695	213,388
Less: discount to fair value (3.14%)	(2,000)	(7,000)
Total	\$ 90,695	\$ 206,388

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 5 - Property and equipment

Property and equipment assets can be summarized as follows:

	June 30,	
	2024	2022
Leasehold improvements - (life of lease)	\$ 1,401,870	\$ 1,372,329
Construction in progress	749,893	22,506
Furniture and equipment (3-5 years)	1,344,658	1,183,011
Total	3,496,421	2,577,846
Less accumulated depreciation	(1,908,823)	(1,678,687)
Total property and equipment, net	<u>\$ 1,587,598</u>	<u>\$ 899,159</u>

Note 6 - Right-of-Use Assets and Lease Liabilities

The School evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the School's right to use underlying assets for the lease term, and the lease liabilities represent the School's obligation to make lease payments arising from these leases.

The School occupies space in Queens, New York under a lease agreement with FCQACS (see Note 2) that expires on June 30, 2053. The lease does not include any extension options. The spaces covered by the lease, which includes class, administrative and gymnasium space, were initially separate leases with the landlord. The leases were then all assigned to FCQACS effective January 1, 2022 and the School entered into a sub-lease agreement with FCQACS commencing on July 1, 2022. As of June 30, 2024 the School entered into a new lease agreement for additional gym space at 8655 Quens BLVD, 3rd FL, Elmhurst, NY. The lease expires June 30, 2055 and the maximum potential amount that the School can be required to pay over the term of the new leased space is \$7,301,073. Under the terms of the assignment, the School remains the primary obligor and principal for the obligations and responsibilities under the original leases. As of June 30, 2024, maximum potential amount that the School can be required to pay over the term of all three leases is \$146,998,567.

Additionally, the School has three leases for copier machines, all of which expire on September 30, 2024 and do not include an extension option.

The ROU assets and lease liabilities, all of which arise from financing leases, were calculated based on the present value of future lease payments over the lease terms. The School has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities and the weighted average lease term as of June 30, 2024 was 3.20% and 29 years respectively.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 6 - Right-of-Use Assets and Lease Liabilities - Continued

Total lease costs for the year ended June 30, 2024 are as follows:

Financing lease cost:

Interest expense	\$ 2,785,690
Amortization of right-of-use assets	\$ 2,968,794

The following table summarizes supplemental cash flow information for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for finance leases	\$ 2,549,910
Financing cash flows from finance leases	\$ 765,764

The aggregate future minimum lease payments under these operating leases as of June 30, 2024 are as follows:

For the years ending June 30,

2025	\$ 3,785,832
2026	3,780,735
2027	3,990,778
2028	4,140,809
2029	4,143,809
Thereafter	<u>127,156,604</u>
Total lease payments	146,998,567
Less: present value discount	(55,223,013)
Total lease obligations	<u>\$ 91,775,554</u>

Note 7 - Restricted Cash

An escrow account has been established to meet the requirement of the NYCDOE. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions are summarized as follows:

	June 30, 2024			
	Beginning Balance 7/1/23	Contributions	Released from Restrictions	Ending Balance 6/30/24
Programs:				
Technology/smartboards	\$ 15,000	\$ 10,000	\$ (15,000)	\$ 10,000
Chromebooks & after school programming	84,000	-	(84,000)	-
Expansion of New School	-	325,000	-	325,000
Elementary school social worker	-	50,000	-	50,000
Total program restrictions	99,000	385,000	(99,000)	385,000
Time restrictions	312,000	125,000	(175,000)	262,000
Total	\$ 411,000	\$ 510,000	\$ (274,000)	\$ 647,000
	June 30, 2023			
	Beginning Balance 7/1/22	Contributions	Released from Restrictions	Ending Balance 6/30/23
Programs:				
Technology/smartboards	\$ 20,000	\$ 15,000	\$ (20,000)	\$ 15,000
Chromebooks & after school programming	51,819	84,000	(51,819)	84,000
Elementary school social worker	16,314	-	(16,314)	-
Total program restrictions	88,133	99,000	(88,133)	99,000
Time restrictions	287,000	100,000	(75,000)	312,000
Total	\$ 375,133	\$ 199,000	\$ (163,133)	\$ 411,000

Note 9 - Government Grants - New York City Rental Assistance

In addition to per pupil funding, the School was entitled to receive a rent subsidy, that is calculated at the lower of 30% of the per pupil amount or actual lease costs.

As discussed in Note 6, the School has a lease agreement with a related entity, FQCACS. During the years ended June 30, 2024 and 2023, the School made rental payments totaling \$3,432,089 and \$2,850,582 to FCQACS.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 10 - Significant Concentrations

The School is dependent upon grants from the NYCDOE to carry out its operations. Approximately 81% and 83% of the School's total public support and revenue was from the NYCDOE for the years ended June 30, 2024 and 2023, respectively. Reductions in funding from the NYCDOE could significantly impact the School's results of operations.

Note 11 - Commitments and Contingences

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.

Note 12 - Employee Benefits

The School has a tax deferred annuity plan under IRS section 401(k) for all employees. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable federal and state guidelines governing deferred compensation programs. The School contributed \$143,866 and \$118,242 to the plan during the years ended June 30, 2024 and 2023, respectively.

Note 13 - Liquidity and Availability

The School maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, The School operates its programs within a board approved budget and relies on grants, contributions, and earned income to fund its operations and program activities. The School's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions and contractual obligations. The School's primary sources of support are tuition and fees and donor support. Some of the support received is required to be used in accordance with the purpose restrictions imposed by the donors.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 13 - Liquidity and Availability - Continued

The following reflects the School's financial assets at June 30, 2024 that are available to meet cash needs for general expenditures within one year:

Financial assets

Cash and cash equivalents	\$ 20,731,200
Government grants receivable - per pupil funding	-
Government grants receivable - other	251,197
Pledges receivable - due within one year	75,000
Total financial assets, end of year	<u>21,057,397</u>

Donor-imposed restrictions or internal designations

Contributions restricted - purpose restrictions	<u>(385,000)</u>
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Financial assets available to meet cash needs for general expenditures within one year

\$ 20,672,397

Note 14 - Subsequent Events

There were no subsequent events identified as of October 21, 2024, the date the financial statements were available to be issued.



**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 STANDARD***

Independent Auditor's Report

To the Board of Directors of
Central Queens Academy Charter School

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 Central Queens Academy Charter School (the "School"), 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 21, 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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.

Sax CPAs LLP

New York, NY
October 21, 2024

Central Queens Academy Charter School

Schedule of Findings and Questioned Costs

June 30, 2024

Current Year:

None

Prior Year:

None

Communication with Those Charged with Governance

To the Board of Directors of
Central Queens Academy Charter School

We have audited the financial statements of Central Queens Academy Charter School (the "School") for the year ended June 30, 2024 and have issued our report thereon dated October 21, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated June 27, 2024 our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope of Audit

We performed our audit according to the plan previously communicated to you in our engagement letter and subsequent conversations during the planning phase.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. No new accounting policies were adopted during the year under audit and the application of existing policies was not changed during the year. The application of other existing policies was not changed during the year.

We noted no transactions entered into by the School during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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

The most sensitive estimates used in preparing the financial statements were as follows:

- Estimate for collectability of receivables
- Property and equipment depreciation methods and useful lives
- The allocation of expenses into program, management and fundraising categories

We evaluated the key factors and assumptions used to develop the above estimate in determining that it was reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent and clear.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. There was no adjustment of this kind. There are no known adjustments that have not been recorded.

Disagreements with Management

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

Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the auditors. There were no specific matters of this nature discussed prior to our retention.

Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered in performing the audit.

Management Representations

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

Independence Issues

Sax CPAs LLP is not aware of any relationships that our firm, or any employees thereof, has with the School or any of its board trustees that, in our professional judgment may impair our independence.

This information is intended solely for the use of the Board of Directors and management of Central Queens Academy Charter School and should not be used for any other purpose.



New York, NY
October 21, 2024