

Coney Island Preparatory Public Charter School

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
Coney Island Preparatory Public Charter School

Report on the Audit of the Financial Statements

Opinion

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

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 21, 2024, on our consideration of Coney Island Preparatory Public Charter 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 Coney Island Preparatory Public Charter 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 Coney Island Preparatory Public Charter School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 21, 2024

Coney Island Preparatory Public Charter School

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Current Assets		
Cash	\$ 2,924,802	\$ 3,138,926
Certificates of deposit	8,349,453	5,151,166
Grants and contracts receivable	2,157,611	4,285,049
Due from related party	-	940,036
Prepaid expenses and other current assets	72,633	187,314
Total Current Assets	13,504,499	13,702,491
Property and equipment, net	2,640,495	3,167,372
Right of use assets - operating leases, net	20,070,127	22,605,570
Restricted cash	76,991	75,141
Security deposits	147,729	147,729
	\$ 36,439,841	\$ 39,698,303
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,167,518	\$ 863,630
Accrued payroll and payroll taxes	1,158,096	1,057,143
Operating lease liabilities	2,252,813	2,016,956
Refundable advance	10,165	52,419
Total Current Liabilities	4,588,592	3,990,148
Operating lease liabilities, less current portion	18,796,891	21,049,704
Total Liabilities	23,385,483	25,039,852
Net assets, without donor restrictions	13,054,358	14,658,451
	\$ 36,439,841	\$ 39,698,303

See notes to financial statements

Coney Island Preparatory Public Charter School

Statements of Activities

	Year Ended June 30,	
	2024	2023
OPERATING REVENUE		
State and Local Per Pupil Operating Revenue		
General education	\$ 23,816,594	\$ 21,625,339
Special education	3,552,830	3,620,246
Facilities	2,604,133	2,697,138
Federal grants	2,750,549	3,189,151
Federal E-rate and IDEA	501,322	593,685
State grants	108,815	90,170
Total Operating Revenue	33,334,243	31,815,729
EXPENSES		
Program Services		
Regular education	25,668,075	22,943,885
Special education	5,416,436	5,471,572
Total Program Services	31,084,511	28,415,457
Supporting Services		
Management and general	4,450,185	4,344,343
Fundraising	26,198	24,441
Total Expenses	35,560,894	32,784,241
(Deficit) from Operations	(2,226,651)	(968,512)
SUPPORT AND OTHER REVENUE		
Grants and contributions	179,993	596,901
Donated services	17,064	199,625
Interest income	425,501	253,217
Total Support and Other Revenue	622,558	1,049,743
Change in Net Assets	(1,604,093)	81,231
NET ASSETS, WITHOUT DONOR RESTRICTIONS		
Beginning of year	14,658,451	14,577,220
End of year	\$ 13,054,358	\$ 14,658,451

Coney Island Preparatory Public Charter School

Statement of Functional Expenses
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	71	\$ 2,638,162	\$ 843,100	\$ 3,481,262	\$2,839,069	\$ 19,189	\$ 6,339,520
Instructional personnel	167	11,967,564	2,238,977	14,206,541	-	-	14,206,541
Total Personnel Services Costs	<u>238</u>	<u>14,605,726</u>	<u>3,082,077</u>	<u>17,687,803</u>	2,839,069	19,189	<u>20,546,061</u>
Fringe benefits and payroll taxes		3,136,433	661,845	3,798,278	547,904	3,703	4,349,885
Retirement		322,066	67,962	390,028	62,603	423	453,054
Legal service		22,295	4,705	27,000	4,334	29	31,363
Accounting / audit services		63,222	13,341	76,563	12,289	83	88,935
Other purchased services		596,313	125,833	722,146	91,619	619	814,384
Building / facility costs		2,404,763	507,449	2,912,212	467,439	69	3,379,720
Repairs and maintenance		294,315	62,106	356,421	57,209	-	413,630
Insurance		197,438	41,663	239,101	38,378	259	277,738
Utilities		5,477	1,156	6,633	1,065	-	7,698
Supplies / materials		595,114	125,580	720,694	1,550	10	722,254
Equipment / furnishings		44,249	9,337	53,586	-	-	53,586
Staff development		372,317	78,566	450,883	34,845	198	485,926
Marketing / recruitment		160,068	33,777	193,845	31,114	-	224,959
Technology		365,000	77,022	442,022	70,949	356	513,327
Food service		521,344	110,013	631,357	-	-	631,357
Student services		1,003,192	211,692	1,214,884	3,457	-	1,218,341
Office expense		90,462	19,089	109,551	17,584	119	127,254
Depreciation and amortization		865,755	182,690	1,048,445	168,286	1,137	1,217,868
Other		<u>2,526</u>	<u>533</u>	<u>3,059</u>	<u>491</u>	<u>4</u>	<u>3,554</u>
Total Expenses		<u>\$ 25,668,075</u>	<u>\$ 5,416,436</u>	<u>\$ 31,084,511</u>	<u>\$ 4,450,185</u>	<u>\$ 26,198</u>	<u>\$ 35,560,894</u>

See notes to financial statements

Coney Island Preparatory Public Charter School

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	68	\$ 2,231,016	\$ 803,227	\$ 3,034,243	\$2,764,053	\$ 17,556	\$ 5,815,852
Instructional personnel	163	10,922,173	2,333,496	13,255,669	-	-	13,255,669
Total Personnel Services Costs	<u>231</u>	<u>13,153,189</u>	<u>3,136,723</u>	<u>16,289,912</u>	<u>2,764,053</u>	<u>17,556</u>	<u>19,071,521</u>
Fringe benefits and payroll taxes		2,750,769	655,993	3,406,762	530,930	3,372	3,941,064
Retirement		315,554	75,252	390,806	66,312	421	457,539
Legal service		172,309	41,092	213,401	36,210	230	249,841
Accounting / audit services		57,561	13,727	71,288	12,096	77	83,461
Other purchased services		468,474	111,720	580,194	61,150	388	641,732
Building / facility costs		1,871,372	446,278	2,317,650	393,256	69	2,710,975
Repairs and maintenance		298,959	71,295	370,254	62,824	-	433,078
Insurance		179,396	42,782	222,178	37,699	239	260,116
Utilities		7,773	1,854	9,627	1,633	-	11,260
Supplies / materials		409,747	97,715	507,462	2,069	13	509,544
Equipment / furnishings		50,341	12,005	62,346	-	-	62,346
Staff development		405,058	96,597	501,655	37,269	190	539,114
Marketing / recruitment		123,626	29,482	153,108	25,979	-	179,087
Technology		378,018	90,148	468,166	79,438	428	548,032
Food service		353,294	84,252	437,546	-	-	437,546
Student services		855,787	204,085	1,059,872	3,812	-	1,063,684
Office expense		101,043	24,096	125,139	21,233	135	146,507
Depreciation and amortization		990,769	236,275	1,227,044	208,203	1,322	1,436,569
Other		846	201	1,047	177	1	1,225
Total Expenses		<u>\$ 22,943,885</u>	<u>\$ 5,471,572</u>	<u>\$ 28,415,457</u>	<u>\$ 4,344,343</u>	<u>\$ 24,441</u>	<u>\$ 32,784,241</u>

See notes to financial statements

Coney Island Preparatory Public Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,604,093)	\$ 81,231
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,217,868	1,436,569
Amortization of right of use assets - operating leases	2,535,443	2,349,279
Changes in operating assets and liabilities		
Grants and contracts receivable	2,127,438	(1,980,233)
Due from related party	940,036	(939,410)
Prepaid expenses and other current assets	114,681	12,985
Accounts payable and accrued expenses	303,888	(339,488)
Accrued payroll and payroll taxes	100,953	222,299
Operating lease liabilities	(2,016,956)	(2,085,465)
Refundable advances	(42,254)	(23,848)
Net Cash from Operating Activities	3,677,004	(1,266,081)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(690,991)	(978,662)
Purchase of certificates of deposit	(5,551,720)	(5,000,000)
Accrued interest on certificates of deposit	(183,034)	(151,166)
Maturity of certificates of deposit	2,536,467	-
Net Cash from Investing Activities	(3,889,278)	(6,129,828)
Net Change in Cash and Restricted Cash	(212,274)	(7,395,909)
CASH AND RESTRICTED CASH		
Beginning of year	3,214,067	10,609,976
End of year	\$ 3,001,793	\$ 3,214,067
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for amounts included in the measurement of lease liabilities	\$ 2,788,930	\$ 2,371,507

See notes to financial statements

Coney Island Preparatory Public Charter School

Notes to Financial Statements
June 30, 2024 and 2023

1. Organization and Tax Status

Coney Island Preparatory Public Charter School (the "School") is a New York State, not-for-profit educational corporation that operates as a charter school in the borough of Brooklyn, New York. On February 12, 2009, the Board of Regents of the University of the State of New York ("Board of Regents") for and on behalf of the State Education Department granted the School a provisional charter valid for a term of five years from the effective date of December 16, 2008 and renewable upon expiration by the Board of Regents. The Board of Regents approved and issued several renewals to the School's charter expiring June 30, 2028. The School's mission is that students will develop the academic skills and character necessary for success in selective colleges and universities, and the career of their choice. Students will learn through a rigorous academic program, with a strong focus on writing, in a supportive and structured school community. Classes commenced in Brooklyn, New York, in August 2009 and the School provided education to approximately 1,298 students in kindergarten through twelfth grade during the 2023-2024 academic year.

During 2017, the School applied to change its authorizer and transfer its charter from The New York City Department of Education to the Charter Schools Institute of the State University of New York ("SUNY"). On October 11, 2017, SUNY approved the transfer of the School's charter effective for the 2017-2018 School year.

The School retains an outside vendor to provide meals for students in which the School receives reimbursement from the New York State Education Department. The New York City Department of Education provides Metrocards to a majority of the School's students and such amounts are not included in these financial statements.

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.

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.

Coney Island Preparatory Public Charter School

Notes to Financial Statements
June 30, 2024 and 2023

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

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 – consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

Net assets with donor restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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:

	2024	2023
Cash	\$ 2,924,802	\$ 3,138,926
Restricted cash	76,991	75,141
	<u>\$ 3,001,793</u>	<u>\$ 3,214,067</u>

Certificates of Deposit

At June 30, 2024 and 2023, the School had \$8,349,453 and \$5,151,166 invested in certificates of deposit held by a bank. The certificates of deposit are reported at cost plus accrued interest and have various terms of maturity through June 17, 2025.

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$2,500 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. Costs of maintenance and repairs are expensed as incurred.

Coney Island Preparatory Public Charter School

Notes to Financial Statements
June 30, 2024 and 2023

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

Property and Equipment (continued)

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

Computers and equipment	3 to 5 years
Furniture and fixtures	7 years
Software	3 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 of 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 ASU No. 2016-02, Leases. The School determines if an arrangement is a lease at inception. Leases are included in ROU assets and lease liabilities in the statements of financial position.

Operating 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. The School has made an accounting policy election to use a risk-free rate, determined using a period comparable with that of the lease term, to discount future lease payments. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the School's risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term within building and facility costs in the accompanying statements of functional expenses. 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 the ROU assets and lease liabilities.

Refundable Advances

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

Coney Island Preparatory Public Charter School

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 year 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.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets, require specialized skills, are performed by people with those skills, would otherwise be purchased by the School, and are measurable. The School recognized donated services revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

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 professional and consulting services and building and land rent 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.

Marketing and Recruitment

Marketing and recruitment costs are expensed as incurred. Marketing and recruitment costs for the years ended June 30, 2024 and 2023 amounted to \$224,959 and \$179,087.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities include revenue and support from non-governmental sources that include grants and contributions revenue, donated services, interest income and other activities considered to be funds not specific for operations.

Coney Island Preparatory Public Charter School

Notes to Financial Statements
June 30, 2024 and 2023

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

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 years prior to 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 21, 2024.

3. Grants and Contracts Receivable

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

4. Related Party Transactions (not disclosed elsewhere)

The School is related to Coney Island Prep Builders, Inc. (“Builders”), a New York State, not-for-profit corporation with common management and board of trustees. Builders supports the School through financial, fundraising, and development efforts.

For the years ended June 30, 2024 and 2023, the School charged Builders \$1,073,292 and \$1,315,095 for salaries and benefits for shared employees and restricted grants, and \$6,939 and \$13,395 for net operating expenses. Net balance due from Builders at June 30, 2024 and 2023 amounted to \$0 and \$940,036.

On July 13, 2020, the lease with The Roman Catholic Church of Saints Simon and Jude for the high school facility was transferred to Builders. On July 24, 2020, the School entered into a sub-lease agreement with Builders. The term commenced on August 1, 2020 and expired on July 31, 2023 with two 5-year renewal options. (see note 10). On May 10, 2023, the sub-lease agreement with Builders was renewed for 3 years and expires on July 31, 2026.

On June 21, 2021, the School entered into a sub-lease agreement with Builders. The term commenced on July 1, 2021 and was set to expire on June 30, 2026 with two 5-year renewal options. (see note 10). On May 10, 2023, the sub-lease agreement with Builders was amended and the new lease term commenced on July 1, 2023 and is set to expire on June 30, 2036.

On June 26, 2023, Builders entered into a new lease agreement with 773 Neptune Avenue QOZ LLC for a new high school facility. The facility will be used by the School. The School had plans to move into this facility beginning July 1, 2025. Builders is currently in the process of terminating the lease due to the developer’s inability to meet the requirements set in the agreement.

Coney Island Preparatory Public Charter School

Notes to Financial Statements June 30, 2024 and 2023

5. Property and Equipment

Property and equipment, net consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Computers and equipment	\$ 3,553,583	\$ 3,230,108
Furniture and fixtures	1,848,330	1,602,629
Software	118,115	118,115
Leasehold improvements	<u>6,925,489</u>	<u>6,803,674</u>
	12,445,517	11,754,526
Accumulated depreciation and amortization	<u>(9,805,022)</u>	<u>(8,587,154)</u>
	<u>\$ 2,640,495</u>	<u>\$ 3,167,372</u>

6. 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	\$ 2,924,802	\$ 3,138,926
Certificates of deposit	8,349,453	5,151,166
Grants and contracts receivable	2,157,611	4,285,049
Due from related party	<u>-</u>	<u>940,036</u>
	<u>\$ 13,431,866</u>	<u>\$ 13,515,177</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 held in savings accounts, certificates of deposits, and other liquid instruments until it is required for operational use. 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 9).

7. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 403(b) for the benefit of its eligible employees. Under the plan, the School provides matching contributions up to 5% of annual compensation. The amount charged for matching contributions to this plan amounted to \$437,547 and \$443,034 for the years ended June 30, 2024 and 2023.

Coney Island Preparatory Public Charter School

Notes to Financial Statements
June 30, 2024 and 2023

8. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash, certificates of deposit, 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 \$10,596,000 and \$8,009,000 of cash, certificates of deposit, and restricted cash was maintained with two institutions in excess of FDIC limits.

9. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2024 and 2023, the School received approximately 88% and 85% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

10. Commitments

Elementary School Facility

The School began sharing space with a New York City public school in July 2014. The School is not responsible for rent, real estate taxes, utilities, custodial services, maintenance, and school safety services other than security related to the School's programs that take place outside the district's school day. The School was unable to determine a value for the contributed space and related services and did not record any value for use of donated facilities or services.

Middle School Facility

The School began sharing space with a New York City public school in July 2011. The School is not responsible for rent, real estate taxes, utilities, custodial services, maintenance, and school safety services other than security related to the School's programs that take place outside the district's school day. The School was unable to determine a value for the contributed space and related services and did not record any value for use of donated facilities or services.

High School Facility

On November 19, 2012, the School entered into a lease agreement with The Roman Catholic Church of Saints Simon and Jude for the rental of space of a building located in Brooklyn, New York. The lease term commenced on April 1, 2013 and was set to expire on July 31, 2023. On July 13, 2020, this lease was transferred to Builders, a related party.

On July 24, 2020, the School entered into a sub-lease agreement with Builders, a related party for the space located at 294 Avenue T Brooklyn, New York. The lease term commenced on August 1, 2020 and expired on July 31, 2023 with two 5-year renewal options. On May 10, 2023, the sub-lease agreement with Builders was renewed for 3 years and expires on July 31, 2026.

Coney Island Preparatory Public Charter School

Notes to Financial Statements
June 30, 2024 and 2023

10. Commitments *(continued)*

Central Office

On November 16, 2021, the School entered into a lease agreement with Neptune South Commercial, LLC for the rental of office space in Brooklyn, New York. The lease term commenced on May 1, 2022 and is set to expire on October 31, 2032. The School is responsible for utilities, insurance, custodial services, and maintenance.

Upper Elementary School Facility

On June 21, 2021, the School entered into a sub-lease agreement with Builders, a related party, for the space located at 133 27th Avenue, Brooklyn, New York. The lease term commenced on July 1, 2021 and will expire on June 30, 2026 with two 5-year renewal options. This location is the site of the Upper Elementary school. On May 10, 2023, the sub-lease agreement with Builders was amended and the lease term commenced on July 1, 2023 and is set to expire on June 30, 2036.

Right of use assets consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Right of use assets - operating lease	\$ 24,954,849	\$ 24,954,849
Less: accumulated amortization	<u>(4,884,722)</u>	<u>(2,349,279)</u>
	<u>\$ 20,070,127</u>	<u>\$ 22,605,570</u>
Weighted average remaining lease term	10.34 years	10.92 years
Weighted average discount rate	3.53%	3.53%

The future minimum lease payments under the facility leases is as follows for the years ending June 30:

2025	\$ 2,949,661
2026	3,092,254
2027	1,740,909
2028	1,689,127
2029	1,767,410
Thereafter	<u>14,321,299</u>
Total minimum lease payments	25,560,660
Present value discount	<u>(4,510,956)</u>
Present value of lease liabilities	21,049,704
Current portion	<u>(2,252,813)</u>
Lease liabilities, less current portion	<u>\$ 18,796,891</u>

Rent expense under the facility leases for the years ended June 30, 2024 and 2023 was \$3,379,720 and \$2,710,975.

Coney Island Preparatory Public Charter School

Notes to Financial Statements
June 30, 2024 and 2023

12. Donated Services

Legal services were provided to the School at no charge. The value of these services meets the criteria for recognition in the financial statements and were recorded at their fair value of \$17,064 and \$199,625 for the years ended June 30, 2024 and 2023. Fair value is estimated using a standard hourly rate of similar services available for purchase by the School. Donated services are included in program, management and general, and fundraising services in the accompanying statements of activities and functional expenses. There were no donor-imposed restrictions associated with the donated services.

13. 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.

* * * * *

Coney Island Preparatory Public Charter School

Uniform Guidance
Schedules and Reports

June 30, 2024

Coney Island Preparatory Public Charter School

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	\$ -	\$ 149,165
National School Lunch Program	10.555	Not available	-	470,031
COVID-19 - Supply Chain Assistance Funds	10.555	Not available	-	37,652
Total Child Nutrition Cluster			-	656,848
Total U.S. Department of Agriculture			-	656,848
<u>U.S. Department of Education</u>				
Pass-Through New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021244595	-	568,024
English Language Acquisition State Grants	84.365	0293244595	-	34,705
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147244595	-	76,082
Student Support and Academic Enrichment Program	84.424	0204244595	-	45,638
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP HCY II	84.425W	5218214595	-	2,086
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880214595	-	1,313,607
Special Education Cluster (IDEA)-Cluster				
Pass-Through New York State Education Department:				
COVID-19 - Special Education Grants to States	84.027	Not available	-	53,559
Total U.S. Department of Education			-	2,093,701
Total Expenditures of Federal Awards			\$ -	\$ 2,750,549

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

Coney Island Preparatory Public Charter School

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 Coney Island Preparatory Public Charter School (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
Coney Island Preparatory Public 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 Coney Island Preparatory Public Charter School (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 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 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 21, 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
Coney Island Preparatory Public Charter School**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coney Island Preparatory Public Charter School (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 21, 2024

Coney Island Preparatory Public Charter School

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 X no
Significant deficiency(ies) identified? _____ yes X none reported
Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X 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 X no

Identification of major federal programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425W	COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP HCY II
84.425U	COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
Auditee qualified as low-risk auditee? X 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 instance of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.