



Destine Preparatory
Charter School

FINANCIAL STATEMENTS

JUNE 30, 2024

DESTINE PREPARATORY CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Destine Preparatory Charter School

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Destine Preparatory 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, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Destine Preparatory Charter School as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Destine Preparatory Charter School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Destine Preparatory 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.

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 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 Destine Preparatory 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 Destine Preparatory 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.

Supplementary Information

Our audit was 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 schedule of expenditures of federal awards 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 November 1, 2024, on our consideration of Destine Preparatory 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 Destine Preparatory 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 Destine Preparatory Charter School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 1, 2024

DESTINE PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

ASSETS

Current Assets

Cash - Operating	\$ 190,778
Grants and Contracts Receivable	109,829
Prepaid Expenses	<u>27,816</u>
Total Current Assets	<u>328,423</u>

Other Assets

Cash - Designated	5,000
Fixed Assets, Net	629,103
Operating Lease Right-of-Use Assets	<u>1,275,621</u>
Total Other Assets	<u>1,909,724</u>

Total Assets	<u>\$ 2,238,147</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Line of Credit Payable	\$ 9,821
Operating Lease Liability, Current Portion	363,555
Accounts Payable and Accrued Expenses	347,830
Compensated Absences	3,619
Refundable Advances	<u>43,405</u>
Total Current Liabilities	768,230

Long-Term Liabilities

Operating Lease Liability, Net of Current Portion	<u>912,066</u>
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Total Liabilities	<u>1,680,296</u>
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Net Assets

Without Donor Restrictions	
Undesignated	552,851
Designated	<u>5,000</u>
Total Net Assets	<u>557,851</u>

Total Liabilities and Net Assets	<u>\$ 2,238,147</u>
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DESTINE PREPARATORY CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

Revenue:

Public School District	
Resident Student Enrollment	\$ 2,042,489
Students with Disabilities	56,218
Grants and Contracts	
Federal Grants	731,757
Food Service / Child Nutrition	<u>164,424</u>
Total Revenue	<u>2,994,888</u>

Expenses:

Program Services

Regular Education	1,791,748
Special Education	198,812
Other Education	<u>387,713</u>
Total Program Services	2,378,273

Supporting Services

Management and General	<u>379,630</u>
Total Expenses	<u>2,757,903</u>

Surplus from School Operations 236,985

Other Revenue:

Contributions	26,500
E-Rate Income	7,443
Interest Income	76
Fundraising	2,134
Refund of Prior Year Expense	<u>42,869</u>
Total Other Revenue	<u>79,022</u>

Change in Net Assets 316,007

Net Assets, Beginning of Year (As Restated) 241,844

Net Assets, End of Year \$ 557,851

DESTINE PREPARATORY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

Cash Flows From Operating Activities

Change in Net Assets \$ 316,007

Adjustments to Reconcile Change in Net Assets to Net Cash
Provided By (Used In) Operating Activities

Depreciation 100,795

Changes in Operating Assets & Liabilities

(Increase) Decrease in Assets

Grants and Contracts Receivable 389,122

Contributions Receivable 35,000

Prepaid Expenses (7,106)

Increase (Decrease) in Liabilities

Accounts Payable and Accrued Expenses 295,144

Compensated Absences 3,619

Refundable Advances (23,888)

Net Cash Provided by Operating Activities 1,108,693

Cash Flows From Investing Activities

Purchase of Property and Equipment (490,682)

Cash Flows From Financing Activities

Proceeds from Line of Credit 10,201

Payments on Line of Credit (380)

Repayments of Long-Term Debt (500,674)

Net Cash Used In Financing Activities (490,853)

Change in Cash 127,158

Cash, Beginning of Year 68,620

Cash, End of Year \$ 195,778

Supplemental Disclosure of Cash Flow Information

Cash Paid for Interest \$ 28,159

Note: Cash includes Operating and Designated

DESTINE PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>				<u>Supporting Services</u>	
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Education</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>
Administrative Staff Personnel	\$ 43,028	\$ -	\$ -	\$ 43,028	\$ 172,112	\$ 215,140
Instructional Personnel	643,073	75,763	-	718,836	-	718,836
Non-Instructional Personnel	-	-	171,885	171,885	-	171,885
Total Salaries and Staff	686,101	75,763	171,885	933,749	172,112	1,105,861
Fringe Benefits and Payroll Taxes	125,340	13,841	-	139,181	31,442	170,623
Retirement	23,217	2,564	-	25,781	5,824	31,605
Legal Service	10,055	1,110	-	11,165	2,522	13,687
Accounting / Audit Services	14,325	1,582	-	15,907	3,593	19,500
Other Purchased / Professional / Consulting Services	168,399	19,555	-	187,954	42,461	230,415
Rent	334,365	36,922	29,231	400,518	54,646	455,164
Repairs and Maintenance	62,234	6,872	5,441	74,547	10,171	84,718
Insurance	12,511	1,382	1,094	14,987	2,044	17,031
Supplies / Materials	97,056	10,717	-	107,773	-	107,773
Staff Development	13,965	1,542	-	15,507	-	15,507
Marketing / Recruitment	22,748	2,512	-	25,260	5,706	30,966
Technology	79,062	8,730	-	87,792	19,833	107,625
Food Service	-	-	177,113	177,113	-	177,113
Student Services	13,904	1,535	-	15,439	-	15,439
Office Expense	33,735	3,725	2,949	40,409	5,513	45,922
Depreciation	74,045	8,176	-	82,221	18,574	100,795
Interest Expense	20,686	2,284	-	22,970	5,189	28,159
Total Expenses	<u>\$ 1,791,748</u>	<u>\$ 198,812</u>	<u>\$ 387,713</u>	<u>\$ 2,378,273</u>	<u>\$ 379,630</u>	<u>\$ 2,757,903</u>

1. ORGANIZATION AND PURPOSE

Organization

Destine Preparatory Charter School (the “School”), located in Schenectady, New York, is a not-for-profit education corporation chartered by the Board of Trustees of the State University of New York (SUNY Trustees). The School plans to develop scholars in Kindergarten to 5th grade to become future change makers through rigorous academics, social and emotional learning, and affirmation of their identities.

On October 7, 2021, the School was granted a provisional charter for a term up to and including July 31, 2027. The School opened in Fall 2022.

As of June 30, 2024, the School had an enrollment of 144 students in K to 2nd grade.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies and Financial Statement Presentation

The following summarizes the significant accounting policies consistently applied in the preparation of the School’s financial statements, with references to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) where applicable.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

A substantial portion of the School’s revenue and related receivables is derived from its billing to Schenectady City School District. State law requires Districts to reimburse the School on a per capita basis. These revenues are recognized ratably over the related school year during which they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grants, contributions and unconditional promises to give are measured at their fair values and reported as an increase in net assets. The School reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. The School reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when earned or as performance obligation(s) are satisfied

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2024.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third party payors for the School's contracts related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding and other sources for the School's contracts for services not yet performed that are expected to be performed within the next fiscal year. There were contract liabilities of \$43,405 at June 30, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Directly identifiable expenses are charged to the programs and supporting services benefitted. Expenses related to more than one function are charged to programs and supporting services using specific allocation methods. Administrative expenses include those expenses not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

Grants and Contracts Receivable

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than 90 days. Management considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Conditional and Unconditional Promises to Give

At June 30, 2024, the School had not received any conditional or unconditional promises to give.

Property, Equipment and Depreciation

Acquisitions of property and equipment in excess of \$5,000 and that have a useful life in excess of one year are capitalized and recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs not improving or extending the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. Depreciation is provided over the estimated useful life of each class of depreciable assets (ranging from 3 to 39 years) and is computed using the straight-line method.

Compensated Absences

Full time or salaried employees are entitled to paid time off (PTO) each year. PTO can be used for vacation, sick or personal leave. Eligible staff may carry over twenty-eight (28) hours of into the subsequent year. For carryover purposes, PTO accrues as of the eligible employee's anniversary date. An employee who terminates their employment with the School, either voluntarily or involuntarily, will be paid only for the unused vacation time that has been earned in the calendar year in which termination occurs. The School carries a liability of \$3,619 as of June 30, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The School determines if an arrangement is or contains a lease at inception. Leases are included in Right-of-Use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent, as applicable. The School has determined that lease amortization is a reasonable basis for ROU asset balances. The School does not report ROU 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.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the School and changes therein are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the School and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Estimates

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

Advertising Costs

The School expenses advertising costs as they are incurred. Advertising costs for the year ended June 30, 2024 were \$30,966, and reported in the Statement of Functional Expenses as marketing and recruitment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as a school that is not a private foundation under Section 509(a).

Donated Services

The School received donated services from unpaid volunteers who assisted in fund raising, office administration and program activities. For the services donated, the criteria for recognition in these financial statements of such volunteer effort was not met and, therefore, no revenue and expense has been reflected in these financial statements. Management has estimated that volunteers have provided approximately 100 hours in assisting the School in the year ended June 30, 2024.

Fair Value

The ASC requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable input to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the School would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants.

Accounting for Uncertainty in Income Taxes

The School follows the ASC, *Accounting for Income Taxes*, and their current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The School has not recognized any benefits from uncertain tax positions in 2024 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2024.

Forms 990 and state income tax returns (if applicable) filed by the School are subject to examination by taxing authorities up to three years after the extended due date of each return.

Subsequent Events

The School follows the ASC, *Subsequent Events*, which establishes general standards of accounting for, and disclosure of, events that occur after the date of the financial statements but before the financial statements are issued or are available to be issued. In the preparation of these financial statements and notes thereto, management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through November 1, 2024, the date the financial statements were available to be issued. No such events or transactions were identified by management.

DESTINE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

3. BOARD DESIGNATED CASH

The School has internally designated cash in the amount of \$5,000 as of June 30, 2024, which is comprised of the following:

Dissolution Escrow (1)	<u>\$ 5,000</u>
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(1) As required in the School's Charter Agreement

4. GRANTS AND CONTRACTS RECEIVABLE

At June 30, 2024, grants and contracts receivable were comprised of the following:

School District Tuition	\$ 74,253
Grants Receivable	<u>35,576</u>
	<u>\$ 109,829</u>

5. PROPERTY AND EQUIPMENT, NET

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2024:

Leasehold Improvements	\$ 78,140
Equipment	324,430
Furniture and Fixtures	<u>375,505</u>
Total at Cost	778,075
Less: Accumulated Depreciation	<u>(148,972)</u>
	<u>\$ 629,103</u>

Depreciation expense was \$100,795 for the year ended June 30, 2024.

6. LINE OF CREDIT PAYABLE

The School has available a \$50,000 line of credit with a financial institution bearing an interest rate of 12% at June 30, 2024. As of June 30, 2024, \$9,821 was drawn on this line. The note is collateralized by the School's assets and is subject to various covenants.

7. LOAN PAYABLE

On June 27, 2022, the School entered into a loan agreement with the Raza Development Fund that allowed them to draw up to \$750,000 in funds. Total proceeds from the loan agreement totaled \$500,674, which was drawn in the fiscal year ending June 30, 2023 and satisfied in full as of June 30, 2024.

DESTINE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

The School entered into a building lease in 2023 for 47 months and two leases for office equipment in 2022 and 2023 for 60 months each. The leases may include a fixed monthly payment and separate non-lease component payments to the lessor based on property taxes and insurance costs as well as a portion of the common area maintenance associated with the property, as applicable.

Components in the School's leases are accounted for following the guidance in ASC 842 for the capitalization of long-term leases. At June 30, 2024, the lease liability is equal to the present value of the remaining lease payments. As the rate implicit in the leases is not known, the incremental borrowing rate of 12% was used as the discount rate, as of the lease commencement dates. Fair values are determined using a Level 3 measurement involving significant unobservable inputs.

Amounts recognized as right-of-use assets and lease liabilities are included in the statement of financial position as follows:

Right-of-Use Assets	<u>\$ 1,275,621</u>
Current Portion of Lease Payable	363,555
Long-Term Portion of Lease Payable	<u>912,066</u>
Total Lease Payable	<u>\$ 1,275,621</u>

Non-lease component payments relating to this lease have been expensed in the period incurred.

Rent expense relating to operating leases was as follows and is included in the Rent and Office Expense lines of the Statement of Functional Expenses:

Fixed Rent Expenses	<u>\$ 471,382</u>
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Future undiscounted cash flows for the next five years using a discount rate of 12% and a reconciliation to the operating lease liability recognized on the statement of financial position are as follows as of June 30, 2024:

Years ending June 30,	
2025	\$ 506,093
2026	509,064
2027	515,063
2028	7,078
2029	<u>847</u>
Total lease payments	1,538,145
Less imputed interest	<u>(262,524)</u>
Total present value of operating lease liability	1,275,621
Current installments of operating lease liability	<u>(363,555)</u>
Long-term portion of operating lease liability	<u>\$ 912,066</u>

9. RETIREMENT PLAN

The School has a retirement plan (“Plan”) under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate. Employees may elect to defer a portion of their salary and contribute to the Plan up to statutory amounts and receive a discretionary employer-based contribution. Both employee and employer contributions are 100% vested. The School contributed \$31,605 to the Plan for the year ended June 30, 2024.

10. CONCENTRATION OF RISK

The School receives a substantial portion of its funding from school districts where students reside. One school district and one government grant comprised approximately 85% of total revenue for the year ended June 30, 2024. No other funding source accounted for more than 10% of total revenue.

The School does occasionally maintain deposits in excess of federal insured limits. The ASC identifies this as a possible concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

The School is subject to audits and reviews of reimbursable costs by various governmental agencies. The outcome of the audits and reviews may have the effect of retroactively increasing or decreasing revenue from various sources. These changes, if any, will be recognized in accordance with the rules and guidelines established by the various funding sources.

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The School has \$300,607 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of operating cash of \$190,778 and grants and contracts receivable of \$109,829. The School has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$460,000. The School has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As discussed in Note 6, and as of June 30, 2024, the School has \$40,179 of available advances on a line of credit should unanticipated cash flow needs arise.

DESTINE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

12. RESTATEMENT

The School's net deficit for the year ended June 30, 2023 has been restated to correct the financial statements for the following errors:

Net Deficit, as originally reported (June 30, 2023)	\$ (122,091)
Lease Liabilities (overstated)	256,000
Grants and Contracts Receivable (understated)	17,786
Fixed Assets (understated)	45,212
Accumulated Depreciation (overstated)	11,269
Accounts Payable (understated)	(9,000)
Accrued Expenses (overstated)	<u>42,668</u>
Net Assets, as restated, June 30, 2023	<u>\$ 241,844</u>

The net deficit as of June 30, 2023 was audited by other auditors whose report dated November 20, 2023 expressed an unmodified opinion.

**ADDITIONAL REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE**

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NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Destine Preparatory 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 Destine Preparatory 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, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Destine Preparatory Charter 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 Destine Preparatory Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Destine Preparatory Charter School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Destine Preparatory Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 1, 2024

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Destine Preparatory Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Destine Preparatory Charter School’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Destine Preparatory Charter School’s major federal programs for the year ended June 30, 2024. Destine Preparatory Charter School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Destine Preparatory Charter 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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Destine Preparatory Charter School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Destine Preparatory Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Destine Preparatory Charter 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 Destine Preparatory Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Destine Preparatory Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Destine Preparatory Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 1, 2024

DESTINE PREPARATORY CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing/CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>US Department of Agriculture</u>				
Passed Through NYS Education Department				
Child Nutrition Cluster				
National School Breakfast Program	10.553	N/A	\$ -	\$ 51,788
National School Lunch Program	10.555	N/A	-	89,593
National School Snack Program	10.555	N/A	-	<u>20,015</u>
Total Child Nutrition Cluster and US Department of Agriculture Passed Through NYS Education Department			-	<u>161,396</u>
<u>US Department of Education</u>				
Passed Through NYS Education Department				
ESEA Title I, Basic Grant	84.010A	0021-24-5730	-	88,884
Title II A, Supporting Effective Instruction State Grants	84.367A	0147-24-5730	-	11,008
Title IV, Student Support and Academic Enrichment	84.424A	0204-24-5730	-	10,000
Charter Schools	84.282	0089-24-1053	-	<u>621,865</u>
Total US Department of Education Passed Through NYS Education Department			-	<u>731,757</u>
Total Federal Awards Expended			<u>\$ -</u>	<u>\$ 893,153</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal award programs of Destine Preparatory Charter School. All federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included in the schedule. The information is presented in accordance with the requirements of the Uniform Guidance.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in the notes to Destine Preparatory Charter School's financial statements.

2. SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE

Destine Preparatory Charter Schools is a tax-exempt organization. All federal grant operations of Destine Preparatory Charter School are included in the scope of the Single Audit.

3. INDIRECT COST RATE

Destine Preparatory Charter School did not elect to use the 10% de minimis indirect cost rate.

4. SUBRECIPIENTS

Destine Preparatory Charter School did not have any subrecipients.

5. LOANS AND LOAN GUARANTEES

Destine Preparatory Charter School did not receive any federal assistance in the form of loans or loan guarantees.

DESTINE PREPARATORY CHARTER SCHOOL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None reported
- Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? _____ Yes x No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Clusters</u>
84.282	Charter Schools

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

Auditee qualified as low-risk auditee? _____ Yes x No

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings or matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or matters were reported.

SECTION IV – RESOLUTION OF PRIOR YEAR AUDIT FINDINGS

No findings or matters were reported.