

KING CENTER CHARTER SCHOOL
Financial Statements and
Supplementary Information
June 30, 2024 and 2023
(With Independent Auditors' Report Thereon)

KING CENTER CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
King Center Charter School:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of King Center Charter School (the School) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of King Center Charter School as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion

on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 29, 2024

KING CENTER CHARTER SCHOOL
 Statements of Financial Position
 June 30, 2024 and 2023

	<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:			
Cash		\$ 1,169,370	1,750,055
Grants and other receivables		537,493	620,353
Prepaid expenses		<u>25,964</u>	<u>23,987</u>
Total current assets		<u>1,732,827</u>	<u>2,394,395</u>
Investments, at fair value		1,390,357	1,323,982
Property and equipment, at cost		6,270,591	6,231,030
Less accumulated depreciation		<u>(1,706,560)</u>	<u>(1,480,396)</u>
Net property and equipment		<u>4,564,031</u>	<u>4,750,634</u>
Total assets		<u><u>\$ 7,687,215</u></u>	<u><u>8,469,011</u></u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable		134,601	93,694
Accrued expenses:			
Payroll and payroll taxes		318,085	305,935
Pension		<u>433,828</u>	<u>471,450</u>
Total accrued expenses		751,913	777,385
Deferred revenue		<u>-</u>	<u>369</u>
Total current liabilities		<u>886,514</u>	<u>871,448</u>
Net assets:			
Without donor restrictions		6,760,867	7,557,729
With donor restrictions		<u>39,834</u>	<u>39,834</u>
Total net assets		6,800,701	7,597,563
Contingency (note 8)		<u> </u>	<u> </u>
Total liabilities and net assets		<u><u>\$ 7,687,215</u></u>	<u><u>8,469,011</u></u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL
Statements of Activities
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions:		
Revenue:		
Public school districts:		
Resident student enrollment	\$ 5,197,646	5,221,105
Students with disabilities	181,250	191,696
State aid	226,724	226,351
Interest income	5,553	451
Unrealized gain on investments	68,387	37,010
Other income	2,312	6,152
Net assets released from restrictions	<u>421,262</u>	<u>842,872</u>
Total revenue	<u>6,103,134</u>	<u>6,525,637</u>
Expenses:		
Program services:		
Regular education	4,860,952	5,129,139
Special education	432,830	368,338
Other programs	<u>59,612</u>	<u>63,486</u>
Total program services	5,353,394	5,560,963
Management and general	<u>1,546,602</u>	<u>1,387,190</u>
Total expenses	<u>6,899,996</u>	<u>6,948,153</u>
Change in net assets without donor restrictions	<u>(796,862)</u>	<u>(422,516)</u>
Change in net assets with donor restrictions:		
Contributions	-	25,000
Federal and State grants	421,262	832,706
Net assets released from restrictions	<u>(421,262)</u>	<u>(842,872)</u>
Change in net assets with donor restrictions	<u>-</u>	<u>14,834</u>
Change in net assets	(796,862)	(407,682)
Net assets at beginning of year	<u>7,597,563</u>	<u>8,005,245</u>
Net assets at end of year	<u>\$ 6,800,701</u>	<u>7,597,563</u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL
Statement of Functional Expenses
Year ended June 30, 2024
with comparative totals for 2023

	No. of positions	Program Services				Management and general	Total	
		Regular education	Special education	Other programs	Total		2024	2023
Salaries:								
Instructional	65.0	\$ 3,018,636	296,113	-	3,314,749	-	3,314,749	3,407,385
Administrative	16.0	-	-	-	-	1,027,468	1,027,468	969,668
Non-instructional	1.0	-	-	42,406	42,406	-	42,406	46,209
Total salaries	<u>82.0</u>	<u>3,018,636</u>	<u>296,113</u>	<u>42,406</u>	<u>3,357,155</u>	<u>1,027,468</u>	<u>4,384,623</u>	<u>4,423,262</u>
Payroll taxes		252,387	24,758	3,546	280,691	85,904	366,595	369,794
Employee benefits		571,381	56,050	8,027	635,458	194,484	829,942	851,092
Instructional materials		23,610	-	-	23,610	-	23,610	47,636
Classroom supplies		14,306	-	-	14,306	-	14,306	29,709
Field trips		14,585	-	-	14,585	-	14,585	14,842
Transportation		11,227	-	-	11,227	-	11,227	47,565
Student activities		42,147	-	-	42,147	-	42,147	95,875
Student testing and assessment		82,666	-	-	82,666	-	82,666	63,260
Special education services		-	16,569	-	16,569	-	16,569	12,282
Technology		121,702	-	-	121,702	-	121,702	145,387
Staff development		59,094	-	-	59,094	-	59,094	22,999
Dues and subscriptions		13,989	-	-	13,989	-	13,989	10,859
Consultants		26,294	-	-	26,294	-	26,294	25,099
LIM		13,117	-	-	13,117	-	13,117	20,936
Summer school		41,721	-	-	41,721	-	41,721	-
Utilities		76,682	7,522	1,077	85,281	26,101	111,382	134,629
Insurance		79,168	7,766	1,112	88,046	26,947	114,993	111,384
Office supplies		-	-	-	-	10,779	10,779	5,066
Postage		1,968	-	-	1,968	-	1,968	3,606
Printing and promotion		18,771	-	-	18,771	-	18,771	32,698
Building repair and maintenance		86,357	-	-	86,357	-	86,357	94,635
Contractual services		89,484	8,778	1,257	99,519	30,458	129,977	58,864
Professional fees		-	-	-	-	91,463	91,463	26,116
Miscellaneous		45,955	-	-	45,955	-	45,955	85,829
Depreciation		155,705	15,274	2,187	173,166	52,998	226,164	214,729
Total expenses		<u>\$ 4,860,952</u>	<u>432,830</u>	<u>59,612</u>	<u>5,353,394</u>	<u>1,546,602</u>	<u>6,899,996</u>	<u>6,948,153</u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL

Statement of Functional Expenses

Year ended June 30, 2023

	No. of <u>positions</u>	Program Services			<u>Total</u>	Management and <u>general</u>	<u>Total</u>
		<u>Regular education</u>	<u>Special education</u>	<u>Other programs</u>			
Salaries:							
Instructional	65.0	\$ 3,149,614	257,771	-	3,407,385	-	3,407,385
Administrative	14.5	-	-	-	-	969,668	969,668
Non-instructional	1.0	-	-	46,209	46,209	-	46,209
Total salaries	<u>80.5</u>	3,149,614	257,771	46,209	3,453,594	969,668	4,423,262
Payroll taxes		263,315	21,550	3,863	288,728	81,066	369,794
Employee benefits		606,026	49,598	8,891	664,515	186,577	851,092
Instructional materials		47,636	-	-	47,636	-	47,636
Classroom supplies		29,709	-	-	29,709	-	29,709
Field trips		14,842	-	-	14,842	-	14,842
Transportation		47,565	-	-	47,565	-	47,565
Student activities		95,875	-	-	95,875	-	95,875
Student testing and assessment		63,260	-	-	63,260	-	63,260
Special education services		-	12,282	-	12,282	-	12,282
Technology		145,387	-	-	145,387	-	145,387
Staff development		22,999	-	-	22,999	-	22,999
Dues and subscriptions		10,859	-	-	10,859	-	10,859
Consulting		25,099	-	-	25,099	-	25,099
LIM		20,936	-	-	20,936	-	20,936
Utilities		98,042	7,570	1,262	106,874	27,755	134,629
Insurance		79,083	6,683	1,114	86,880	24,504	111,384
Office supplies		-	-	-	-	5,066	5,066
Postage		3,606	-	-	3,606	-	3,606
Printing and promotion		32,698	-	-	32,698	-	32,698
Building repair and maintenance		94,635	-	-	94,635	-	94,635
Contractual services		39,666	-	-	39,666	19,198	58,864
Professional fees		-	-	-	-	26,116	26,116
Miscellaneous		85,829	-	-	85,829	-	85,829
Depreciation		152,458	12,884	2,147	167,489	47,240	214,729
Total expenses		<u>\$ 5,129,139</u>	<u>368,338</u>	<u>63,486</u>	<u>5,560,963</u>	<u>1,387,190</u>	<u>6,948,153</u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL
Statements of Cash Flows
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (796,862)	(407,682)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	226,164	214,729
Unrealized gain on investments	(68,387)	(37,010)
Changes in:		
Grants and other receivables	82,860	513,469
Prepaid expenses	(1,977)	(2,490)
Accounts payable	40,907	(85,962)
Accrued expenses	(25,472)	(7,381)
Deferred revenue	<u>(369)</u>	<u>(200)</u>
Net cash provided by (used in) operating activities	<u>(543,136)</u>	<u>187,473</u>
Cash flows from investing activities:		
Purchases of property and equipment	(39,561)	(523,190)
Change in investments, net	<u>2,012</u>	<u>(72,099)</u>
Net cash used in investing activities	<u>(37,549)</u>	<u>(595,289)</u>
Net change in cash and cash equivalents	(580,685)	(407,816)
Cash and cash equivalents at beginning of year	<u>1,750,055</u>	<u>2,157,871</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,169,370</u></u>	<u><u>1,750,055</u></u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL

Notes to Financial Statements

June 30, 2024 and 2023

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

King Center Charter School (the School) was chartered by the Board of Regents of the University at the State of New York (the State) on February 1, 2000 for a term of five years pursuant to Article 56 of the New York State Education Law. As of March 2023, the State extended the School's Charter through July 31, 2028.

Charter schools receive State and Federal public-school funding and must meet all the same state and Federal testing and learning requirements as public schools, yet they operate independently of the local school district, serving as their own local education agency.

The School is governed by a twelve member, uncompensated Board of Directors and has 423 students in kindergarten through eighth grade. The school offers additional opportunities for enrichment activity including after-school and summer programs.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represent resources available for the general support of the School's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the School. As of June 30, 2024 and 2023, the School had net assets with donor restrictions of \$39,834, for contributions restricted for use by the athletic department.

(d) 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 and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash

For purposes of the statements of cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Concentration of Credit Risk

Financial instruments that potentially subject the School to concentration of credit risk consist principally of cash accounts in financial institutions. The School maintains financial instruments at financial institutions which periodically may exceed federally insured limits. At June 30, 2024 and 2023, the School had \$922,296 and \$1,500,493, respectively in excess of the federally insured limits.

(g) Receivables and Bad Debts

The School's accounts receivable are primarily derived from tuition revenue. At each statement of financial position date, the School recognizes an expected allowance for bad debts. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of the School's historical losses based on an aging of receivables. Historical losses have been consistent. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors. As a result, management has determined that the allowance for bad debts is adequate.

The School writes off receivables when there is information that indicates that there is no possibility of collection. If any recoveries are made from any accounts receivable previously written off, they will be recognized in revenue. There were no write-offs for the years ended June 30, 2024 and 2023.

(h) Contracts with Customers

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the School expects to be entitled in exchange for these goods or services. The School utilizes a five-step framework as identified in ASU No. 2014-09. The primary source of revenue from contracts with customers for the School is as follows:

Tuition revenue consists of a single performance obligation and revenue is typically recognized when the service is provided. The School contracts with various public school districts to receive funding for student's education. The transaction price is based on a rate per pupil as the service is provided.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. Generally, property and equipment which has a cost in excess of \$5,000 at the date of acquisition and has an expected useful life of five years is capitalized.

(j) Long-Lived Assets

The School reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the School compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At June 30, 2024 and 2023, no impairment in value has been recognized.

(k) Public School District Revenue

The School receives per pupil aid which is passed through several school districts. The Buffalo Public School District provides the largest portion of public school district revenue. New York State Education Department mandates the rate per pupil. For the years ended June 30, 2024 and 2023, the per pupil rate was \$13,966 and \$13,416, respectively, for the Buffalo Public School District.

(l) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

(m) Contributed Nonfinancial Assets

Contributed equipment, materials and supplies are reflected in the financial statements based on the fair market value at the time of donation.

Contributed personnel services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the School.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the School. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(o) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program related expenses are allocated by direct allocation of expenses. Management and general and fundraising expenses are allocated based on level of effort.

(p) Subsequent Events

The School has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(q) Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The School presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the School has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the School are subject to examination by taxing authorities.

(r) New Accounting Policies

At the beginning of fiscal 2024, the School adopted Accounting Standards Codification 326, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Statements, as amended, which modifies the measurement of expected credit losses on certain financial instruments, including accounts receivable, and requires organizations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportive forecasts for collectability. The School adopted this new standard utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements.

(s) Reclassification

Reclassifications have been made to certain 2023 balances in order to conform them to the 2024 presentation.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(2) Liquidity

The School has \$1,706,863 of financial assets available within one year of the statement of financial position date consisting of \$1,169,370 of cash and \$537,493 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As more fully described in note 5, the School has a line of credit in the amount of \$200,000 which it could draw upon in the event of an unanticipated liquidity need.

(3) Investments

Financial Instruments

Investments at June 30, 2024 and 2023 consist of U.S. Treasury Securities amounting to \$1,390,357 and \$1,323,982, respectively.

Investments are stated at fair value. The fair value is based on quotations obtained from national securities exchanges. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation or depreciation is included in the statements of activities.

Fair Value Measurement

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 assets and liabilities are those whose inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access. The School holds marketable securities with a quoted price in active markets for identical assets (level 1) of \$1,390,357 and \$1,323,982 at June 30, 2024 and 2023, respectively.

(4) Property and Equipment

Property and equipment are recorded at cost. A summary of property and equipment at June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 35,776	35,776
Building	345,828	345,828
Building improvements	5,336,197	5,296,034
Office equipment	47,277	47,277
Instructional equipment	435,288	435,288
Maintenance equipment	19,745	19,745
Construction in progress	15,648	16,250
Vehicles	33,750	33,750
Cafeteria equipment	<u>1,082</u>	<u>1,082</u>

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(4) Property and Equipment, Continued

	<u>2024</u>	<u>2023</u>
	\$ 6,270,591	6,231,030
Less accumulated depreciation	(1,706,560)	(1,480,396)
Net property and equipment	\$ <u>4,564,031</u>	<u>4,750,634</u>

(5) Line of Credit

The School has a \$200,000 line of credit with a local bank with interest payable at 1% above the bank's prime rate (9.00% at June 30, 2024). This is a demand note and substantially all of the School's assets secure the loan. At June 30, 2024 and 2023 there was no balance on the line of credit.

(6) Pension Plan

The School participates in the New York State Teachers' Retirement System (NYSTRS), which is a cost-sharing multiple employer, public employees retirement system. NYSTRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

NYSTRS is administered by the New York State Teachers' Retirement Board and provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSTRS is noncontributory, except for employees who joined the System after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary, except that employees in NYSTRS more than ten years are no longer required to contribute. Those joining NYSTRS on or after January 1, 2010 are required to contribute 3.5% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School is required to contribute an actuarially determined rate. The rates for NYSTRS were 9.76% and 10.29% of the annual covered payroll as of June 30, 2024 and 2023, respectively. Required annual contributions of \$349,354 and \$386,833 were paid to NYSTRS by the School for the years ended June 30, 2024 and 2023, respectively.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(7) Defined Contribution Plan

The School sponsors a 401(k) contributory defined contribution plan (the Plan) covering employees who are at least 18 years of age. The employer contribution is calculated based on a pro rata basis of compensation of each eligible participant, but in no event will exceed the lesser of: (a) five percent (5%) of compensation or (b) one-third ($\frac{1}{3}$) of the highest allocation rate for any highly compensated participant for the plan year. The School contributes a percentage of non-instructional employees' salaries to the plan, subject to certain limitations, as determined annually by the Board of Directors. Total expense for the years ended June 30, 2024 and 2023 was \$37,740 and \$35,561, respectively. The School also sponsors a non-contributory tax deferred annuity 403(b) plan. Eligible employees may contribute to the Plan up to the maximum allowed by Internal Revenue Code.

(8) Contingency

The School has received grants which are subject to audit by agencies of the State and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the School's administration believes that disallowances, if any will be immaterial.

(9) Escrow Reserve

As set forth in its charter, the School established an escrow reserve in August 2007, in the amount of \$75,000 for the purpose of funding legal and audit fees in the event of dissolution. At June 30, 2024 the amount in escrow was \$80,470 and is included in investments in the accompanying statements of financial position. At June 30, 2023 the amount in escrow was \$77,540 consisting of \$1,037 of cash and \$76,503 of investments in the accompanying statements of financial position.

INDEPENDENT AUDITORS' 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

The Board of Directors
King Center 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 King Center Charter School (the School), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 29, 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 School'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 King Center 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 29, 2024

October 29, 2024

CONFIDENTIALThe Board of Directors
King Center Charter School:

Dear Board Members:

We have audited the financial statements of King Center Charter School (the School) for the year ended June 30, 2024. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our comment and recommendation based upon observations made during our audit.

This report is intended solely for the information and use of the Board, management and others within the School.

Credit Card Usage

Per the credit card policy in the accounting policies and procedures manual, prior approval must be received prior to use of any school credit card. We noted that several transactions did not contain the proper approval for purchases. We continue to recommend the School follow the established policy in place for credit card usage.

* * * * *

We wish to take this opportunity to express our appreciation for the courtesy and cooperation extended to us by the School personnel during our recently completed audit. If you have any questions regarding the foregoing comment or wish any assistance in its implementation, please do not hesitate to contact us.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC

REPORT TO THE BOARD

October 29, 2024

The Board of Directors
King Center Charter School

Dear Board Members:

We have audited the financial statements of King Center Charter School (the School) for the year ended June 30, 2024, and have issued our report thereon date October 29, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in note 1 to the financial statements. For the year ended June 30, 2024, the School adopted Accounting Standards Codification 326, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments, as amended which modifies the measurement of expected credit losses on certain financial instruments, including accounts receivable, and requires organizations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts for collectability. The School adopted this new standard utilizing the modified retrospective transition method.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

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

For the year ended June 30, 2024, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Sensitive Disclosures

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material uncorrected misstatements detected as a result of our audit procedures.

Disagreements with Management

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

Management Representations

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

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

* * * * *

This information is intended solely for the use of the Board of Directors and management of King Center Charter School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC