
LAMAD ACADEMY CHARTER SCHOOL

Financial Statements

For the years ended June 30, 2024 and 2023

LAMAD ACADEMY CHARTER SCHOOL
Financial Statements
June 30, 2024 and 2023

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Independent Auditor's Report

To the Board of Trustees of
Lamad Academy Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lamad Academy 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 present fairly, in all material respects, the financial position of Lamad Academy 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lamad Academy 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 Lamad Academy 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 Lamad Academy 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 Lamad Academy 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024, on our consideration of Lamad Academy 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 Lamad Academy 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 Lamad Academy Charter School's internal control over financial reporting and compliance.

New York, New York
October 18, 2024

NChing LLP

Lamad Academy Charter School
Statements of Financial Position
As of June 30,

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash	\$ 214,638	\$ 366,883
Grants receivable	437,676	309,610
Prepaid expenses and other assets	126,267	131,372
Reserve - contingency	75,031	75,016
Property and equipment, net	453,070	557,510
Operating lease right-of-use assets	6,676	9,305
Total assets	<u>\$ 1,313,358</u>	<u>\$ 1,449,696</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 129,222	\$ 178,348
Accrued salaries and other payroll-related expenses	93,198	94,146
Interest payable	21,753	26,539
Deferred revenue	-	49,156
Operating lease liabilities	6,676	9,305
Loan payable	437,000	437,000
Total liabilities	<u>687,849</u>	<u>794,494</u>
<u>Net Assets</u>		
Net assets without donor restrictions		
Undesignated	550,478	480,186
Reserve - contingency	75,031	75,016
Net assets with donor restrictions	-	100,000
Total net assets	<u>625,509</u>	<u>655,202</u>
Total liabilities and net assets	<u>\$ 1,313,358</u>	<u>\$ 1,449,696</u>

The accompanying notes are an integral part of these financial statements.

Lamad Academy Charter School
Statement of Activities
For the year ended of June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue, Gains and Other Support</u>			
General education	\$ 3,142,449	\$ -	\$ 3,142,449
Special education	528,447	-	528,447
Federal title and stimulus income	630,706	-	630,706
State income	14,034	-	14,034
Contributions	204,818	-	204,818
Other income	7,660	-	7,660
Net assets released from restrictions	100,000	(100,000)	-
Total revenue, gains and other support	<u>4,628,114</u>	<u>(100,000)</u>	<u>4,528,114</u>
<u>Expenses</u>			
<u>Program expenses</u>			
Regular education	2,997,229	-	2,997,229
Special education	926,635	-	926,635
Total program expenses	<u>3,923,864</u>	<u>-</u>	<u>3,923,864</u>
<u>Supporting services</u>			
Management and general	631,107	-	631,107
Fund-raising	2,836	-	2,836
Total supporting services expenses	<u>633,943</u>	<u>-</u>	<u>633,943</u>
Total program and supporting services expenses	<u>4,557,807</u>	<u>-</u>	<u>4,557,807</u>
Change in net assets	70,307	(100,000)	(29,693)
Net assets - beginning of year	<u>555,202</u>	<u>100,000</u>	<u>655,202</u>
Net assets - end of year	<u>\$ 625,509</u>	<u>\$ -</u>	<u>\$ 625,509</u>

The accompanying notes are an integral part of these financial statements.

Lamad Academy Charter School
Statement of Activities
For the year ended of June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue, Gains and Other Support</u>			
General education	\$ 3,365,597	\$ -	\$ 3,365,597
Special education	507,259	-	507,259
Federal title and stimulus income	428,664	-	428,664
State income	42,296	-	42,296
Contributions	307,000	100,000	407,000
Other income	691	-	691
Cancellation of debt	-	-	-
Net assets released from restrictions	-	-	-
Total revenue, gains and other support	<u>4,651,507</u>	<u>100,000</u>	<u>4,751,507</u>
<u>Expenses</u>			
Program expenses			
Regular education	2,672,088	-	2,672,088
Special education	991,328	-	991,328
Total program expenses	<u>3,663,416</u>	<u>-</u>	<u>3,663,416</u>
Supporting services			
Management and general	573,388	-	573,388
Fund-raising	4,145	-	4,145
Total supporting services expenses	<u>577,533</u>	<u>-</u>	<u>577,533</u>
Total program and supporting services expenses	<u>4,240,949</u>	<u>-</u>	<u>4,240,949</u>
Change in net assets	410,558	100,000	510,558
Net assets - beginning of year	144,644	-	144,644
Net assets - end of year	<u>\$ 555,202</u>	<u>\$ 100,000</u>	<u>\$ 655,202</u>

The accompanying notes are an integral part of these financial statements.

Lamad Academy Charter School
Statement of Functional Expenses
For the year ended of June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total Program and Supporting Services
		Regular Education	Special Education	Total Programs	Management	Fund-raising	
Personnel services costs							
Administrative staff personnel	6.0	\$ 574,475	\$ 240,780	\$ 815,255	\$ 206,925	\$ 1,982	\$ 1,024,162
Instructional personnel	17.0	1,257,663	323,841	1,581,504	-	-	1,581,504
Non - instructional personnel	1.0	950	300	1,250	-	-	1,250
Total personnel services costs	24.0	1,833,088	564,921	2,398,009	206,925	1,982	2,606,916
Operating expenses							
Fringe benefits and payroll taxes		265,424	81,797	347,221	29,977	287	377,485
Professional fees		181,650	55,980	237,630	321,313	197	559,140
Repairs and maintenance		1,872	577	2,449	211	2	2,662
Insurance		36,952	11,388	48,340	4,173	40	52,553
Supplies and materials		104,108	32,905	137,013	-	-	137,013
Equipment and furnishings		6,552	2,019	8,571	740	7	9,318
Staff development		48,448	14,930	63,378	5,472	52	68,902
Marketing and recruiting		128,207	40,374	168,581	2,116	20	170,717
Technology		70,278	21,658	91,936	7,937	76	99,949
Student services		160,855	50,841	211,696	-	-	211,696
Office expenses		72,297	22,280	94,577	8,165	78	102,820
Depreciation		87,498	26,965	114,463	9,882	95	124,440
Other		-	-	-	34,196	-	34,196
Total operating expenses		1,164,141	361,714	1,525,855	424,182	854	1,950,891
Total expenses		\$ 2,997,229	\$ 926,635	\$ 3,923,864	\$ 631,107	\$ 2,836	\$ 4,557,807

The accompanying notes are an integral part of these financial statements.

Lamad Academy Charter School
Statement of Functional Expenses
For the year ended of June 30, 2023

	No. of Positions	Program Services			Supporting Services		Total Program and Supporting Services
		Regular Education	Special Education	Total Programs	Management	Fund- raising	
Personnel services costs							
Administrative staff personnel	5.5	\$ 432,134	\$ 192,263	\$ 624,397	\$ 187,666	\$ 2,707	\$ 814,770
Instructional personnel	19.0	985,820	355,469	1,341,289	-	-	1,341,289
Non - instructional personnel	-	3,621	1,104	4,725	-	-	4,725
Total personnel services costs	24.5	1,421,575	548,836	1,970,411	187,666	2,707	2,160,784
Operating expenses							
Fringe benefits and payroll taxes		195,203	75,404	270,607	25,835	373	296,815
Professional fees		77,921	30,099	108,020	222,687	149	330,856
Insurance		34,970	13,508	48,478	4,628	67	53,173
Supplies and materials		202,585	61,752	264,337	-	-	264,337
Equipment and furnishings		2,793	1,079	3,872	370	5	4,247
Staff development		55,964	21,618	77,582	7,407	107	85,096
Marketing and recruiting		121,672	43,926	165,598	11,110	160	176,868
Technology		62,331	24,078	86,409	8,250	119	94,778
Student services		257,588	78,518	336,106	-	-	336,106
Office expenses		83,058	32,084	115,142	10,994	159	126,295
Depreciation		156,428	60,426	216,854	20,703	299	237,856
Other		-	-	-	73,738	-	73,738
Total operating expenses		1,250,513	442,492	1,693,005	385,722	1,438	2,080,165
Total expenses		\$ 2,672,088	\$ 991,328	\$ 3,663,416	\$ 573,388	\$ 4,145	\$ 4,240,949

The accompanying notes are an integral part of these financial statements.

Lamad Academy Charter School**Statements of Cash Flows**

For the years ended of June 30,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ (29,693)	\$ 510,558
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	124,440	237,856
Amortization of operating lease right-of-use assets	2,629	2,555
Changes in operating assets and liabilities		
Grants receivable	(128,066)	(205,139)
Prepaid expenses and other assets	5,105	(114,579)
Accounts payable and accrued expenses	(49,126)	22,690
Accrued salaries and other payroll-related expenses	(948)	68,931
Interest payable	(4,786)	12,018
Deferred revenue	(49,156)	(174,434)
Operating lease liabilities	(2,629)	(2,555)
Net cash provided by (used in) operating activities	<u>(132,230)</u>	<u>357,901</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(20,000)</u>	<u>(111,840)</u>
Net cash used in investing activities	<u>(20,000)</u>	<u>(111,840)</u>
Net change in cash and restricted cash	(152,230)	246,061
Cash and restricted cash - beginning of year	<u>441,899</u>	<u>195,838</u>
Cash and restricted cash - end of year	<u><u>\$ 289,669</u></u>	<u><u>\$ 441,899</u></u>
Cash and restricted cash as reported within the statement of financial position		
Cash	\$ 214,638	\$ 366,883
Reserve - contingency	<u>75,031</u>	<u>75,016</u>
	<u><u>\$ 289,669</u></u>	<u><u>\$ 441,899</u></u>
Supplemental disclosures of cash flow information		
Interest paid	<u><u>\$ 16,804</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

Lamad Academy Charter School
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1 Organization

Lamad Academy Charter School (“LACS”) is an educational not-for-profit institution formed to operate a charter school in accordance with an agreement with the Board of Regents of the University of the State of New York under a provisional charter valid until June 2025.

LACS is a middle school that opened in September 2020 in Brooklyn, New York. LACS prepares and inspires students to pursue advanced mathematics and science education successfully and enthusiastically in their secondary and post-secondary careers. LACS provides students with an academically rigorous standards-based curriculum with a principal emphasis on mathematics and science.

Note 2 Summary of significant accounting policies

Basis of presentation and use of estimates. The financial statements have been prepared in conformity 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. Actual results could differ from those estimates.

Financial statements presentation. The financial statements of LACS have been prepared in accordance with U.S. GAAP, which require LACS to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of LACS. These net assets may be used at the discretion of LACS’ management and the Board of Trustees.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LACS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash. LACS maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. LACS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Grants receivable. Grants receivable is recorded at net realizable value. The allowance for doubtful accounts is LACS’ best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. There are no allowances recorded at June 30, 2024 and 2023, as management believes all amounts are collectable.

Lamad Academy Charter School
Notes to the Financial Statements
June 30, 2024 and 2023

Note 2 Summary of significant accounting policies - (continued)

Property and equipment. Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

Reserve - contingency. Under the provisions of its charter, LACS is required to establish an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should such event occur.

Leases. As of July 1, 2022, LACS adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which was amended in some respects by subsequent ASUs, collectively Accounting Standards Codification 842 (ASC 842), and supersedes existing lease guidance. The standard requires LACS to record operating lease right-of-use assets and corresponding lease liabilities on the statement of financial position and disclose key quantitative and qualitative information about lease contracts.

Under ASC 842, LACS determines if a contract is a leasing arrangement at inception. Operating lease right-of-use assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. LACS uses the risk-free rate of return. LACS recognized operating lease expense for operating leases on a straight-line basis over the lease term.

LACS leases a copy machine under a non-cancelable operating lease. Leases with an initial term of 12 months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

Donated goods and services. LACS is located in a New York City Department of Education facility. LACS utilizes approximately 12,600 square feet of classrooms and approximately 11,200 square feet of common areas at no charge. In addition, LACS received donated maintenance/security, utilities, and food services from the local school district. As of June 30, 2024 and 2023, LACS was unable to determine a value for these services.

Revenue recognition. LACS recognizes revenue from the state and local governments based on LACS' charter status and the number of students enrolled. Such revenue is recorded when services are performed, in accordance with the charter agreement. The New York State Education Department mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Lamad Academy Charter School
Notes to the Financial Statements
June 30, 2024 and 2023

Note 2 Summary of significant accounting policies - (continued)

Part of LACS' grants and contracts revenue is recognized when qualifying expenditures are incurred and/or services are provided to the students during the applicable school year. Funds received in advance, or any unspent funds for which qualifying expenditures have not been incurred, are recorded as refundable advances. Any unspent amounts usually are returned to the granting agency. However, the granting agency can approve that those amounts be applied to a future grant period.

Contributions are recognized when the donor makes a promise to give to LACS, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor- restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Income taxes. LACS is tax-exempt under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and has been classified as a publicly supported organization as described in IRC sections 509(A)(1) and 170(B)(1)(A)(II).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if LACS has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that, as of June 30, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the financial statements.

LACS is subject to income tax examination by federal, state, or local tax authorities for years after June 30, 2021.

Functional allocation of expenses. The financial statements report certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses, including personnel services costs, fringe benefits and payroll taxes, professional fees, marketing and recruiting and student services, are allocated on the basis of time and effort.

Recently adopted accounting pronouncements. On July 1, 2023, LACS adopted Financial Accounting Standards Board ("FASB") ASU 2016-13, *Financial Instruments – Credit Losses* ("Topic 326"). Financial assets, which potentially subject LACS to credit losses, consist primarily of accounts receivable. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions.

Lamad Academy Charter School
Notes to the Financial Statements
June 30, 2024 and 2023

Note 2 Summary of significant accounting policies - (continued)

LACS collects per pupil revenue from the district from which the students are residents of and attending LACS. LACS has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (61–90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2024 and 2023 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information.

Note 3 Liquidity and availability

LACS operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. LACS considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those activities.

LACS regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in interest-bearing accounts.

LACS’ financial assets available for general expenditures, that is, without donor or other restriction limiting their use, within one year of June 30, are:

	<u>2024</u>	<u>2023</u>
Cash	\$ 214,638	\$ 366,883
Grants receivable	437,676	309,610
	652,314	676,493
Less: net assets with donor restrictions	<u>-</u>	<u>(100,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 652,314</u>	<u>\$ 576,493</u>

Lamad Academy Charter School
Notes to the Financial Statements
June 30, 2024 and 2023

Note 4 Property and equipment

Property and equipment consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>	<u>Life</u>
Equipment	\$ 567,570	\$ 547,570	3 years
Leasehold improvements	<u>612,897</u>	<u>612,897</u>	10 years
Total property and equipment	1,180,467	1,160,467	
Less: accumulated depreciation	<u>(727,397)</u>	<u>(602,957)</u>	
Property and equipment, net	<u>\$ 453,070</u>	<u>\$ 557,510</u>	

Note 5 Loans payable

In April 2021, LACS received an Economic Injury Disaster Loan (“EIDL”) in the amount of \$437,000 from Small Business Administration. The EIDL bears interest at 2.75% per annum and requires monthly principal and interest payment of \$1,876 starting from November 2023. The loan will mature in April 2051. The balance of EIDL as of June 30, 2024 and 2023 was \$437,000.

Future annual principal payments required for each of the next five years and in the aggregate thereafter are as follows:

2025	\$ 17,680
2026	11,003
2027	11,310
2028	11,625
2029	11,949
Thereafter	<u>373,433</u>
	<u>\$ 437,000</u>

Lamad Academy Charter School
Notes to the Financial Statements
June 30, 2024 and 2023

Note 6 Operating lease

LACS entered into a five-year operating lease for a copy machine in October 2021.

LACS determines if an arrangement is a lease at the inception of a contract, and recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

Operating expenses for the leasing activity of LACS as lessee for the years ended June 30, 2024 and 2023 are as follows:

Lease type	2024	2023
Operating lease costs	\$ 2,856	\$ 2,856

Total rent expense was \$2,856 for each of the years ended June 30, 2024 and 2023, and is included in office expenses on the accompanying statements of functional expenses.

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2024, and a reconciliation to operating lease liabilities reported on the statements of financial position:

2025	\$ 2,856
2026	2,856
2027	1,190
Total lease payments	6,902
Less interest	(226)
Present value of lease liabilities	\$ 6,676

Operating lease terms and discount rate at June 30, 2024 and 2023 are as follows:

	2024	2023
Remaining lease term (years)	2.42	3.42
Discount rate	2.88%	2.88%

The following summarizes cash paid for operating lease liabilities and other non-cash information as of June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in measurement of operating lease liabilities	\$ 2,856	\$ 2,856
Operating lease right-of-use assets obtained in exchange for operating lease obligations	\$ -	\$ 11,860

Lamad Academy Charter School
Notes to the Financial Statements
June 30, 2024 and 2023

Note 7 Net assets

Net assets with donor restrictions are restricted to future programs. Net assets with donor restrictions as of June 30, 2024 and 2023 are \$- and \$100,000, respectively.

Note 8 Concentrations of risk

LACS received approximately 81% and 82% of its operating revenue, which is subject to specific requirements, from per pupil funding from the New York State Education Department during the years ended June 30, 2024 and 2023. Additionally, LACS' grants receivable consists of approximately 86% and 95% from the New York State Education Department as of June 30, 2024 and 2023, respectively.

Note 9 Commitments and contingencies

LACS participates in a number of federal and state programs. These programs require that LACS comply with certain requirements of laws, regulations, contracts, and grant agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on LACS' financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

Note 10 Potential impact of the pandemic

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The ultimate effect of COVID-19 on LACS and its future operations cannot presently be determined.

Note 11 Subsequent events

Management has evaluated subsequent events through October 18, 2024, the date that the financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events have occurred which require disclosure in the financial statements.

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*

To the Board of Trustees of
Lamad Academy Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lamad Academy Charter 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 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lamad Academy 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 Lamad Academy Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of Lamad Academy 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 Lamad Academy 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 determination of the financial statement amounts. 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.

NChing LLP

New York, New York
October 18, 2024