

**PERSISTENCE PREPARATORY ACADEMY
CHARTER SCHOOL**

SINGLE AUDIT REPORTING PACKAGE

JUNE 30, 2024

Table of Contents

June 30, 2024

Financial Statements

Independent Auditors' Report

Financial Statements

Notes to Financial Statements

Additional Information

Schedule of Expenditures of Federal Awards and Related Notes

Reports on Compliance and Federal Award Programs

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*

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Persistence Preparatory Academy Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Persistence Preparatory Academy Charter School (the School) 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 accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 the financial statements in accordance with GAAP, 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 for one year after the date that the financial statements are 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Additional 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 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 GAAS. 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 October 25, 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, 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.


October 25, 2024

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

Balance Sheets

June 30,	2024	2023
Assets		
Current assets:		
Cash	\$ 2,816,558	\$ 1,303,707
Receivables (Note 2)	426,594	824,841
Prepaid expenses and other assets	373,140	222,344
	<u>3,616,292</u>	<u>2,350,892</u>
Property and equipment, net (Note 3)	8,296,305	8,441,550
Restricted cash	478,060	473,557
	<u>\$ 12,390,657</u>	<u>\$ 11,265,999</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt (Note 5)	\$ 140,963	\$ 129,146
Accounts payable	185,404	121,820
Accrued expenses	479,009	360,216
Refundable advances	100,000	-
	<u>905,376</u>	<u>611,182</u>
Long-term debt (Note 5)	7,091,569	7,211,183
Net assets:		
Without donor restrictions	4,371,212	3,421,629
With donor restrictions	22,500	22,005
	<u>4,393,712</u>	<u>3,443,634</u>
	<u>\$ 12,390,657</u>	<u>\$ 11,265,999</u>

See accompanying notes.

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

Statements of Activities

For the years ended June 30,	2024	2023
Net assets without donor restrictions:		
Support and revenue:		
Enrollment fees:		
Resident students	\$ 5,273,447	\$ 4,310,703
Resident students with disabilities	391,473	326,419
Contributions:		
Federal awards	881,764	687,186
State awards and other	355,967	429,530
Interest income	67,822	15,858
Other income	20,928	56,695
Net assets released from restrictions	22,005	-
Total support and revenue	<u>7,013,406</u>	<u>5,826,391</u>
Expenses:		
Program expenses:		
Regular education	4,160,222	3,421,286
Special education	371,177	361,769
Other program	473,321	363,834
Supporting services:		
Management and general	1,059,103	965,109
Total expenses	<u>6,063,823</u>	<u>5,111,998</u>
Change in net assets without donor restrictions	<u>949,583</u>	<u>714,393</u>
Net assets with donor restrictions:		
Contributions	22,500	22,005
Net assets released from restrictions	(22,005)	-
Change in net assets with donor restrictions	<u>495</u>	<u>22,005</u>
Change in net assets	950,078	736,398
Net assets - beginning	<u>3,443,634</u>	<u>2,707,236</u>
Net assets - ending	<u>\$ 4,393,712</u>	<u>\$ 3,443,634</u>

See accompanying notes.

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

Statement of Functional Expenses

For the year ended June 30, 2024

	Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
Administrative personnel	5.0	\$ -	\$ -	\$ -	\$ 480,152	\$ 480,152
Instructional personnel	42.0	2,019,746	232,474	-	-	2,252,220
Non-instructional personnel	2.0	-	-	132,550	-	132,550
Total salaries	49.0	\$ 2,019,746	\$ 232,474	\$ 132,550	\$ 480,152	\$ 2,864,922
Salaries		\$ 2,019,746	\$ 232,474	\$ 132,550	\$ 480,152	\$ 2,864,922
Employee benefits and payroll taxes		402,596	46,339	26,421	95,709	571,065
Retirement		176,927	20,364	11,611	42,061	250,963
Afterschool program		-	-	110,695	-	110,695
Classroom supplies and materials		117,550	-	-	-	117,550
Consultants and professional fees		-	5,120	-	166,668	171,788
Insurance		-	-	-	52,960	52,960
Interest		315,464	19,716	19,716	39,433	394,329
Occupancy		75,450	4,716	4,716	9,431	94,313
Office expense		-	-	-	41,456	41,456
Other expenses		-	-	-	27,740	27,740
Recruitment		-	-	-	18,597	18,597
Repairs and maintenance		282,076	17,630	17,630	35,260	352,596
Staff development		234,090	-	-	-	234,090
Student services		-	-	125,164	-	125,164
Technology		139,237	-	-	-	139,237
Telephone		27,343	1,709	1,709	3,418	34,179
		3,790,479	348,068	450,212	1,012,885	5,601,644
Depreciation		369,743	23,109	23,109	46,218	462,179
Total		\$ 4,160,222	\$ 371,177	\$ 473,321	\$ 1,059,103	\$ 6,063,823

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

Statement of Functional Expenses

For the year ended June 30, 2023

	Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
Administrative personnel	5.0	\$ -	\$ -	\$ -	\$ 377,861	\$ 377,861
Instructional personnel	35.0	1,542,567	190,645	-	-	1,733,212
Non-instructional personnel	2.0	-	-	109,984	-	109,984
Total salaries	42.0	\$ 1,542,567	\$ 190,645	\$ 109,984	\$ 377,861	\$ 2,221,057
Salaries		\$ 1,542,567	\$ 190,645	\$ 109,984	\$ 377,861	\$ 2,221,057
Employee benefits and payroll taxes		324,746	40,135	23,154	79,548	467,583
Retirement		141,134	17,443	10,063	34,572	203,212
Afterschool program		-	-	82,995	-	82,995
Classroom supplies and materials		36,941	-	-	-	36,941
Consultants and professional fees		-	50,346	-	153,743	204,089
Insurance		-	-	-	32,904	32,904
Interest		321,938	20,121	20,121	40,242	402,422
Occupancy		76,282	4,768	4,768	9,535	95,353
Office expense		-	-	-	44,060	44,060
Other expenses		-	-	-	32,301	32,301
Recruitment		-	-	-	11,518	11,518
Repairs and maintenance		265,229	16,577	16,577	33,154	331,537
Staff development		266,750	-	-	-	266,750
Student services		-	-	74,438	-	74,438
Technology		97,959	-	-	-	97,959
Telephone		27,482	1,718	1,718	3,435	34,353
Bad debts		-	-	-	72,204	72,204
		3,101,028	341,753	343,818	925,077	4,711,676
Depreciation		320,258	20,016	20,016	40,032	400,322
Total		\$ 3,421,286	\$ 361,769	\$ 363,834	\$ 965,109	\$ 5,111,998

See accompanying notes.

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

Statements of Cash Flows

For the years ended June 30,	2024	2023
Operating activities:		
Cash received from enrollment fees	\$ 5,681,055	\$ 4,601,163
Cash received from contributions	1,742,343	543,835
Interest received	67,822	15,858
Cash received from other sources	20,928	56,695
Payments to employees for services and benefits	(3,568,157)	(2,635,431)
Payments to vendors and suppliers	(1,751,208)	(1,625,830)
Interest paid	(394,329)	(402,422)
Net operating activities	1,798,454	553,868
Investing activities:		
Property and equipment expenditures	(173,303)	(180,644)
Financing activities:		
Proceeds from issuance of long-term debt	25,617	-
Principal payments on long-term debt	(133,414)	(121,070)
Net financing activities	(107,797)	(121,070)
Net change in cash and restricted cash	1,517,354	252,154
Cash and restricted cash - beginning	1,777,264	1,525,110
Cash and restricted cash - ending	\$ 3,294,618	\$ 1,777,264

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization and Purpose:

Persistence Preparatory Academy Charter School (the School) operates a charter school in the City of Buffalo, New York (the City) pursuant to its charter agreement with the Board of Regents of the University of the State of New York. The School offered classes from kindergarten through sixth grade in 2024 and plans to add one grade per year until eighth grade. The School is chartered through July 2028, after which time the charter may be renewed, upon application.

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through October 25, 2024, the date the financial statements were available to be issued.

Cash:

Cash in financial institutions potentially subjects the School to concentrations of credit risk since it may exceed insured limits at various times throughout the year. The School complies with a requirement to hold no less than \$75,000 in an escrow account to pay legal and audit expenses that would be associated with dissolution should it occur. This is included as restricted cash on the balance sheets as of June 30, 2024 and 2023.

At June 30, 2024, the School maintains \$403,060 (\$398,557 at June 30, 2023) in cash restricted by various debt agreements.

Property and Equipment:

Property and equipment is stated at cost net of accumulated depreciation. Depreciation is provided using the straight-line method over estimated useful lives. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Net Assets:

The School's financial position and activities are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specific time period or purpose. Net assets with donor restrictions at June 30, 2024 and 2023 are restricted for specific program and student support.

Revenue Recognition:

Enrollment Fees

Enrollment fees are received from the public school district where a student resides. The amount received each year from the resident district is generally the product of the approved operating expense per pupil and the full time equivalent enrollment of the students in the School residing in that district. The respective districts also reimburse the School for special education service based on approved applicable rates for the services provided. Revenues are recognized over the period the services are provided. The School generally invoices the resident district bimonthly and payment is due in 30 days. Enrollment fees received in advance are deferred and recognized when earned. The School's enrollment fees are received primarily from the City School District.

Contributions

Unconditional contributions are reported at fair value at the date the pledge or award is received. Unconditional contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor 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. Unconditional contributions received with donor-imposed restrictions that are met in the same reporting period are shown as support without donor restrictions.

Conditional contributions, primarily government awards, are recorded as revenue when the School meets requirements in compliance with specific agreements. Amounts received before the required conditions are met are reported as refundable advances on the accompanying balance sheets. These conditional contributions are subject to compliance and financial audits by the funding sources. Management believes no significant adjustments are necessary to recognized amounts.

As of June 30, 2024, conditional awards of \$504,000 will be recognized when qualifying expenses are incurred over the next two years.

Receivables

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical trends, and forecasted economic conditions. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to uncollectible receivables and a credit to accounts receivable. An allowance for doubtful accounts is considered unnecessary by management at June 30, 2024 and 2023.

Income Taxes:

The School is a 501(c)(3) corporation exempt from taxation under §501(a) of the Internal Revenue Code.

Transportation and Food Services:

The City School District provides the School with certain transportation and food services at no charge. The value of these services has not been recorded in the accompanying financial statements.

Use of 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Functional Expense Allocation:

The School's costs of providing its various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include salaries, benefits, and payroll taxes, which are allocated based on estimates of time and effort, and occupancy, repairs and maintenance, depreciation, and interest which are allocated based on management's estimate of program benefit.

Reclassifications:

The 2023 financial statements have been reclassified to conform with the preparation adopted in 2024.

2. Receivables:

	2024	2023
Contributions	\$ 389,322	\$ 771,434
Enrollment fees and other	37,272	53,407
	<u>\$ 426,594</u>	<u>\$ 824,841</u>

3. Property and Equipment:

	2024	2023
Land	\$ 31,500	\$ 31,500
Building improvements	132,697	129,397
Building	8,619,684	8,619,684
Instructional and office equipment	634,633	465,830
Construction in progress	144,831	-
	<u>9,563,345</u>	<u>9,246,411</u>
Less accumulated depreciation	1,267,040	804,861
	<u>\$ 8,296,305</u>	<u>\$ 8,441,550</u>

Construction in progress at June 30, 2024 represents building renovations which were completed in August 2024 at a total cost of approximately \$245,000.

4. Short-Term Borrowings:

The School has available a \$400,000 bank demand line of credit for working capital secured by essentially all assets of the School with interest payable at prime plus 0.5%. The line is subject to the usual terms and conditions applied by the bank for working capital financing and is annually reviewed and renewed. There were no borrowings on the line of credit at June 30, 2024 and 2023.

5. Long-Term Debt:

	2024	2023
Bank promissory note, monthly installments of \$43,479 including interest at 4.7%, estimated balloon payment of \$6,988,000 due December 2025 (expected to be refinanced), secured by School property and equipment.	\$ 7,282,512	\$ 7,457,498
Equipment loans, varying monthly installments and interest rates, secured by related equipment, due through August 2028.	21,348	1,710
	<u>7,303,860</u>	<u>7,459,208</u>
Less unamortized debt issuance costs	71,328	118,879
	<u>7,232,532</u>	<u>7,340,329</u>
Less current portion	140,963	129,146
	<u>\$ 7,091,569</u>	<u>\$ 7,211,183</u>

Debt issuance costs are amortized as interest expense over the term of the bank promissory loan. Amortization expense of debt issuance costs for the years ended June 30, 2024 and 2023 was \$47,551.

Aggregate maturities of net long-term debt balances subsequent to June 30, 2024 are:

2025	\$ 140,963
2026	7,080,468
2027	5,123
2028	5,123
2029	855
	<u>\$ 7,232,532</u>

The bank debt agreements contain restrictive covenants relative to debt service coverage, liquid assets levels, and net assets levels.

6. Retirement Plans:

In 2023, the School began to participate in the New York State Teachers’ Retirement System (TRS) which is a cost-sharing multiple employer public employee retirement system. TRS 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.

TRS is administered by the New York State Teachers’ Retirement Board and provides 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from TRS at www.nystrs.org.

No employee contribution is required for those whose service began prior to July 1976. TRS requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined from July 1976 through December 2009. Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% of compensation throughout their active membership in TRS. Participants whose service began on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation.

Pursuant to Article 11 of Education Law, rates are established annually for TRS by the New York State Teachers’ Retirement Board at an actuarially determined rate. The rate is 9.76% of the annual covered payroll for the year ended June 30, 2024, and 10.29% for the year ended June 30, 2023. The School’s required contribution for the years ended June 30, 2024 and 2023 were \$245,637 and \$186,262.

The School also participates in a 401(k) retirement plan covering essentially all employees. The School contributes 6% of employees’ salaries who participate in the plan and are not otherwise eligible to participate in TRS, subject to certain limitations. The School’s retirement expenses for the years ended June 30, 2024 and 2023 were \$5,326 and \$16,950.

7. Cash Flows:

Property and equipment expenditures included in accounts payable as of June 30, 2024 totaled \$143,631 and are excluded from the 2024 statement of cash flows.

8. Financial Assets Available for Operating Purposes:

The School obtains financial assets generally through enrollment fees and contributions. The financial assets are acquired throughout the year to help meet the School’s cash needs for general expenditures. If necessary, the School also has access to a \$400,000 bank demand line of credit (Note 4).

The School’s financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at June 30:

	<u>2024</u>	2023
Cash available for operations	<u>\$ 2,816,558</u>	\$ 1,303,707
Receivables	<u>426,594</u>	824,841
	<u>3,243,152</u>	2,128,548
Less net assets restricted by donors	<u>22,500</u>	22,005
	<u>\$ 3,220,652</u>	\$ 2,106,543

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

Additional Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education</u>			
Passed through New York State Education Department:			
Title I Grants to Local Educational Agencies	84.010	0021-24-5435	\$ 228,046
Title I Grants to Local Educational Agencies	84.010	0021-23-5435	13,827
Supporting Effective Instruction State Grants	84.367	0147-24-5435	23,948
Student Support and Academic Enrichment Program	84.424	0204-24-5435	13,842
Education Stabilization Fund: American Rescue Plan			
Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-5435	602,101
Total Expenditures of Federal Awards			\$ 881,764

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs administered by Persistence Preparatory Academy Charter School (the School), an entity as defined in Note 1 to the School's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the SEFA.

Basis of Accounting

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the School's financial reporting system. The federal expenditures are recorded on the accrual basis.

Indirect Costs

The School typically does not allocate indirect costs to federal programs and as such, the 10% de minimis indirect cost rate permitted by the Uniform Guidance is not applicable.

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 Trustees
Persistence Preparatory 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 Persistence Preparatory Academy Charter School (the School), which comprise the balance sheet 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 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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


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

Report on Compliance and Other Matters

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

Lyndon & McCormick, LLP

October 25, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Trustees
Persistence Preparatory Academy Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Symon & McCormick, LLP

October 25, 2024

Schedule of Findings and Questioned Costs

For the year ended June 30, 2024

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

Type of auditors' 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)? No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>	<u>Amount</u>
Education Stabilization Fund	84.425U	\$ 602,101

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

Auditee qualified as low-risk auditee? No

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

MANAGEMENT LETTER

October 25, 2024

The Board of Trustees and Management
Persistence Preparatory Academy Charter School

In planning and performing our audit of the financial statements of Persistence Preparatory Academy Charter School (the School) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chances of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 may exist that have not been identified.

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

