

**URBAN ASSEMBLY CHARTER SCHOOL FOR
COMPUTER SCIENCE**

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2024

(With Comparative Totals for 2023)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Urban Assembly Charter School for Computer Science

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Urban Assembly Charter School for Computer Science, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Urban Assembly Charter School for Computer Science as of June 30, 2024, and the changes in its net assets, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Urban Assembly Charter School for Computer Science and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Assembly Charter School for Computer Science's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 Urban Assembly Charter School for Computer Science'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 Urban Assembly Charter School for Computer Science's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Urban Assembly Charter School for Computer Science's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2023. In our opinion, the summarized comparative information presented herein as of June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024 on our consideration of Urban Assembly Charter School for Computer Science'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 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 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 Urban Assembly Charter School for Computer Science's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 4, 2024

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(With Comparative Totals for 2023)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 556,725	\$ 929,488
Grants and contracts receivable	169,890	281,065
Prepaid expenses	<u>28,276</u>	<u>40,751</u>
TOTAL CURRENT ASSETS	754,891	1,251,304
 <u>PROPERTY AND EQUIPMENT, net</u>	 556,212	 399,693
 <u>OTHER ASSETS</u>		
Security deposit	75,000	400,000
Right of use assets	467,854	918,994
Cash in escrow	<u>75,534</u>	<u>75,526</u>
	<u>618,388</u>	<u>1,394,520</u>
TOTAL ASSETS	<u>\$ 1,929,491</u>	<u>\$ 3,045,517</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 499,899	\$ 367,761
Current portion of long term debt	112,500	350,000
Current portion of lease liabilities	496,131	457,390
Deferred revenue	<u>209,271</u>	<u>372,263</u>
TOTAL CURRENT LIABILITIES	1,317,801	1,547,414
 Long-term lease liabilities	 2,973	 499,104
Long term debt	<u>112,500</u>	<u>225,000</u>
TOTAL LIABILITIES	1,433,274	2,271,518
 <u>NET ASSETS</u>		
Without donor restrictions	318,247	588,038
With donor restrictions	<u>177,970</u>	<u>185,961</u>
TOTAL NET ASSETS	496,217	773,999
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,929,491</u>	<u>\$ 3,045,517</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	Year ended June 30,			2023
	2024		Total	
	Without donors restrictions	With donor restrictions		
Revenue, gains and other support:				
Public school district:				
Resident student enrollment	\$ 8,116,104	\$ -	\$ 8,116,104	\$ 7,662,325
Students with disabilities	1,248,523	-	1,248,523	952,102
Grants and contracts:				
State and local	35,199	-	35,199	30,837
Federal - Title and IDEA	455,772	-	455,772	428,583
Federal - other	154,838	-	154,838	962,326
In-kind - contributed rent	2,444,951	-	2,444,951	1,774,924
TOTAL REVENUE, GAINS AND OTHER SUPPORT	12,455,387	-	12,455,387	11,811,097
Expenses				
Program services:				
Regular education	9,241,185	-	9,241,185	8,364,320
Special education	3,673,364	-	3,673,364	3,779,860
Total program services	12,914,549	-	12,914,549	12,144,180
Management and general	1,218,646	-	1,218,646	1,045,829
Fundraising	157,678	-	157,678	91,793
TOTAL OPERATING EXPENSES	14,290,873	-	14,290,873	13,281,802
DEFICIT FROM SCHOOL OPERATIONS	(1,835,486)	-	(1,835,486)	(1,470,705)
Support and other revenue				
Contributions:				
Individuals	72,381	35,848	108,229	541,118
Corporations	1,254,586	165,000	1,419,586	379,292
Interest income	11,128	-	11,128	8
Miscellaneous income	18,761	-	18,761	21,609
Net assets released from restriction	208,839	(208,839)	-	-
TOTAL SUPPORT AND OTHER REVENUE	1,565,695	(7,991)	1,557,704	942,027
DECREASE IN NET ASSETS	(269,791)	(7,991)	(277,782)	(528,678)
Net assets at beginning of year	588,038	185,961	773,999	1,302,677
NET ASSETS AT END OF YEAR	\$ 318,247	\$ 177,970	\$ 496,217	\$ 773,999

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024
 (With Comparative Totals for 2023)

	Year ended June 30, 2024								
	No. of Positions	Regular Education	Special Education	Sub-total	Fundraising	Management and General	Sub-total	Total	2023
Personnel services costs:									
Administrative staff personnel	18	\$ 1,241,777	\$ 532,452	\$ 1,774,229	\$ 39,588	\$ 408,568	\$ 448,156	\$ 2,222,385	\$ 2,144,286
Instructional personnel	55	3,860,860	1,459,484	5,320,344	-	-	-	5,320,344	5,046,873
Total salaries and staff	73	5,102,637	1,991,936	7,094,573	39,588	408,568	448,156	7,542,729	7,191,159
Fringe benefits & payroll taxes		994,297	389,126	1,383,423	7,781	80,301	88,082	1,471,505	1,275,315
Retirement		139,342	54,532	193,874	1,090	11,253	12,343	206,217	212,906
Financial management services		-	-	-	-	165,580	165,580	165,580	156,177
Legal services		-	-	-	-	11,733	11,733	11,733	31,131
Accounting/Audit services		-	-	-	-	27,500	27,500	27,500	37,300
Other Purchased/Professional/									
Consulting Services		60,403	3,408	63,811	78,016	223,664	301,680	365,491	214,672
Building and Land Rent		316,734	123,957	440,691	2,479	25,580	28,059	468,750	468,924
Repairs and maintenance		4,853	1,899	6,752	38	392	430	7,182	47,581
Insurance		68,684	26,880	95,564	537	5,547	6,084	101,648	94,377
Utilities		60,085	23,515	83,600	470	4,853	5,323	88,923	109,331
Supplies/Materials		137,016	37,878	174,894	-	-	-	174,894	125,996
Equipment/Furnishings		37,739	14,770	52,509	295	3,048	3,343	55,852	40,578
Staff development & travel		121,873	44,332	166,205	725	26,096	26,821	193,026	169,440
Marketing/Recruitment		49,438	13,800	63,238	9	93	102	63,340	96,093
Technology		96,320	37,695	134,015	754	7,779	8,533	142,548	119,006
Food service		11,024	3,048	14,072	-	-	-	14,072	51,209
Student services		364,436	100,748	465,184	-	-	-	465,184	505,881
Office expense		50,520	19,771	70,291	395	4,080	4,475	74,766	93,891
In-kind rent		1,491,420	733,485	2,224,905	24,450	195,596	220,046	2,444,951	1,774,924
Depreciation and amortization		114,913	44,972	159,885	899	9,280	10,179	170,064	425,849
Other		19,451	7,612	27,063	152	7,703	7,855	34,918	40,062
		<u>\$ 9,241,185</u>	<u>\$ 3,673,364</u>	<u>\$ 12,914,549</u>	<u>\$ 157,678</u>	<u>\$ 1,218,646</u>	<u>\$ 1,376,324</u>	<u>\$ 14,290,873</u>	<u>\$ 13,281,802</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (277,782)	\$ (528,678)
Adjustments to reconcile change in net assets to net cash (used for) provided from operating activities:		
Depreciation and amortization	170,064	425,849
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	111,175	157,160
Prepaid expenses	12,475	(10,471)
Accounts payable and accrued expenses	(7,886)	82,936
Deferred revenue	(162,992)	322,263
Deferred lease liability	-	(18,750)
Lease liabilities, net of right-of-use assets	<u>(6,250)</u>	<u>37,500</u>
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	(161,196)	467,809
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(186,559)	(67,972)
Security deposits	<u>325,000</u>	<u>(225,000)</u>
NET CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES	<u>138,441</u>	<u>(292,972)</u>
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on long term debt	-	225,000
Repayments on long term debt	<u>(350,000)</u>	<u>(350,000)</u>
NET CASH USED FOR FINANCING ACTIVITIES	<u>(350,000)</u>	<u>(125,000)</u>
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(372,755)	49,837
Cash and restricted cash at beginning of year	<u>1,005,014</u>	<u>955,177</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 632,259</u>	<u>\$ 1,005,014</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Interest paid	<u>\$ 35,650</u>	<u>\$ 34,358</u>
Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 556,725	\$ 929,488
Cash in escrow	<u>75,534</u>	<u>75,526</u>
	<u>\$ 632,259</u>	<u>\$ 1,005,014</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
In-kind contributed rent	<u>\$ 2,444,951</u>	<u>\$ 1,774,924</u>
Property and equipment included in accounts payable	<u>\$ 140,024</u>	<u>\$ -</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Urban Assembly Charter School for Computer Science (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School provides a full range of educational services appropriate for grades nine through twelve. On August 29, 2016, the Board of Trustees of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. On March 15, 2023, the Charter School obtained a five year renewal which expires July 31, 2028.

Basis of accounting

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

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities and net assets of the Charter School are reported in the following self-balancing net asset groups:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Charter School.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had \$177,970 of net assets with donor restrictions at June 30, 2024. The Charter School had \$185,961 of net assets with donor restrictions at June 30, 2023.

Revenue and support recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The Charter School records substantially all revenues over time as follows:

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

The following table summarizes contract balances at their respective statement of financial position dates:

	<u>June 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Grants and contracts receivable	\$ 24,470	\$ 29,228	\$ 44,548

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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 and reported in the statement of activities and changes in net assets as net assets released from restrictions.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants and contracts receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position and amounted to \$209,271 and \$372,263 at June 30, 2024 and 2023, respectively. The Charter School received cost-reimbursement grants of \$- and \$116,692 that have not been recognized at June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$75,534 at and \$75,526 at June 30, 2024 and 2023, respectively.

Grants and contracts receivable

At each fiscal year end, the Charter School evaluates the need for an expected allowance for credit losses for all outstanding balances that fall under ASU 2014-09. As necessary, the allowance for credit losses is updated at fiscal year end to reflect any changes in credit risk since the receivable was initially recorded. The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist.

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs of receivables for the years ended June 30, 2024 and 2023.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from two to seven years.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Leases

The Charter School leases a school facility and office equipment and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets, other current liabilities, and long term liabilities on the accompanying statement of financial position. There were no finance leases at June 30, 2024 or 2023.

ROU assets represent the Charter School's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Charter School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Charter School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Charter School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Charter School considers factors such as if the Charter School has obtained substantially all of the rights to the underlying asset through exclusivity, if the Charter School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. The evaluation may require significant judgement.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. In addition, the Charter School received donated transportation services that was provided for the students from the local district. The Charter School was unable to determine a value for these services.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The Charter School's current and prior three years tax returns remain subject to review by taxing authorities. Management of the Charter School believes they have no material uncertain tax positions and, accordingly, they have not recognized any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruitment costs approximated \$63,300 and \$96,100 for the years ended June 30, 2024 and 2023, respectively.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standard – current expected credit losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Charter School that are subject to the guidance in FASB ASC 326 were receivables.

The Charter School adopted the standard effective July 1, 2023. The impact of adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

Comparatives for the period ended June 30, 2023

The financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Charter School's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. The Charter School changed their methods of allocating costs on the statement of functional expenses during the year ended June 30, 2024.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 4, 2024, which is the date the financial statements are available to be issued. See Note H.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a surplus budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2024 and 2023:

	June 30,	
	<u>2024</u>	<u>2023</u>
Cash	\$ 556,725	\$ 929,488
Grants and contracts receivable	<u>169,890</u>	<u>281,065</u>
Total financial assets available within one year	726,615	1,210,553
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(177,970)</u>	<u>(185,961)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 548,645</u>	<u>\$ 1,024,592</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 and 2023 consisted of the following:

	June 30,	
	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 853,515	\$ 853,515
Furniture and fixtures	1,159,896	839,613
Computer equipment	<u>523,623</u>	<u>583,321</u>
	2,537,034	2,276,449
Less accumulated depreciation and amortization	<u>1,980,822</u>	<u>1,876,756</u>
	<u>\$ 556,212</u>	<u>\$ 399,693</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE D: LONG TERM DEBT

In June 2018, the Charter School entered into an unsecured loan agreement with a lender to borrow up to \$700,000 through October 31, 2019. The loan is payable in two equal installments of principal plus all accrued and unpaid interest at 2.5%, due July 15, 2022 and July 15, 2023. At June 30, 2024 and 2023, there was \$- and \$350,000 outstanding, respectively.

In January 2023, the Charter School entered into a loan agreement with a lender to borrow up to \$225,000. The loan is payable in two equal installments of principal plus all accrued and unpaid interest at 2.5%, due July 15, 2024 and July 15, 2025. The loan is payable in two installments of \$112,500 principal plus all accrued and unpaid interest at 2.5%, due July 15, 2024 and July 15, 2025. At both years ended June 30, 2024 and 2023, there was \$225,000 outstanding.

NOTE E: LETTER OF CREDIT

In February 2024, the Charter School entered into a standby letter of credit agreement with a bank for a maximum amount of \$655,000. The beneficiary of the letter of credit is the third party lessor of the new school facility. The letter of credit satisfies the security deposit obligations. The letter of credit expires on February 21, 2025, but can be automatically extended for a period of one year from the expiration date or any future expiration date through February 21, 2029. See Note H.

NOTE F: NET ASSETS

Net assets with donor restrictions consisted of the following:

	June 30,	
	2024	2023
Computers, equipment and furniture for new building	\$ 35,848	\$ -
Track equipment, fees and stipends	6,958	-
Software platform development	-	8,711
H2H Summer Experience micro grant	-	2,250
Professional development initiatives	115,164	150,000
Scholarship program	20,000	25,000
	<u>\$ 177,970</u>	<u>\$ 185,961</u>

Net (deficiency) assets without donor restrictions are as follows:

	June 30,	
	2024	2023
Undesignated	\$ (237,965)	\$ 188,345
Invested in property and equipment, net of related debt	556,212	399,693
	<u>\$ 318,247</u>	<u>\$ 588,038</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE G: SCHOOL FACILITY – GIFTS-IN-KIND

As part of the New York City Chancellor’s Charter School Initiative, the New York City Department of Education has committed space to the Charter School at no charge under a verbal agreement. Total approximate square footage usage as of June 30, 2024 and 2023 was 20,000 square feet of classroom space and access to an additional 20,000 square feet consisting of an auditorium, gym, and cafeteria. In valuing the contributed space, the Charter School estimated the fair value of \$2,444,951 and \$1,774,924 for the years ended June 30, 2024 and 2023, respectively, on the basis of financial information provided to the Charter School under the New York City School Rental Assistance Program. There were no associated donor restrictions with the contributed facility.

See the table below for program utilization:

<u>Program or Supporting Service</u>	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Regular Education	\$ 1,491,420	\$ 1,082,704
Special Education	733,485	532,477
Fundraising	24,450	17,749
Management and general	195,596	141,994
	<u>\$ 2,444,951</u>	<u>\$ 1,774,924</u>

NOTE H: LEASES

The Charter School leases an additional school facility and office equipment. The leases have various remaining lease terms ranging from one year to three years.

The Charter School entered into a non-cancelable lease agreement for office equipment expiring July 2026 with monthly payments of approximately \$200.

In June 2021, the Charter School signed a lease for facilities through June 2025. The lease has escalating payments throughout the term. Monthly rent expense of approximately \$40,000 commenced July 1, 2021. In conjunction with this facility lease, the Charter School paid a security deposit of \$75,000, which is included in security deposits on the accompanying statement of financial position at June 30, 2024 and 2023. Effective July 1, 2024, this lease was amended to reduce the monthly payment to \$22,500 through May 1, 2026.

In February 2022, the Charter School signed a 45-year lease for school facilities from a third party. The commencement date of the lease was contingent upon the completion of the construction of the building. This lease was amended on March 29, 2023 to a term of 30 years and includes an additional extension option of 15 years. On August 7, 2024, the commencement date was acknowledged and confirmed by the third party to be August 1, 2024 with an expiration date of June 30, 2054. In conjunction with this facility lease, the Charter School paid an initial security deposit of \$100,000 in February 2022. In January 2023, the Charter School paid an additional security deposit of \$225,000. Both deposits were included in the security deposits on the accompanying statement of financial position at June 30, 2023. In February 2024, the Charter School obtained a standby letter of credit that satisfied the security deposit obligations, and as a result, the security deposits totaling \$325,000 were returned to the Charter School. See Note E.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE H: LEASES, Cont'd

A summary of lease right-of-use assets and liabilities are as follows:

		June 30,	
		2024	2023
<u>Assets</u>			
Operating leases	<u>Statement of Financial Position Classification</u> Other assets	\$ 467,854	\$ 918,994
<u>Liabilities</u>			
Operating leases	Current liabilities	\$ 496,131	\$ 457,390
Operating leases	Other liabilities	2,973	499,104
		\$ 499,104	\$ 956,494

The components of lease expense were as follows:

		June 30,	
		2024	2023
Operating lease cost:			
Operating lease cost		\$ 471,534	\$ 471,534
Short-term lease cost		3,588	3,289
	Total lease cost	\$ 475,122	\$ 474,823

As of June 30, 2024, minimum payments due for lease liabilities are as follows:

	Operating leases
2025	\$ 502,784
2026	2,784
2027	232
Total lease payments	505,800
Less: Interest	(6,696)
Present value of lease liabilities	\$ 499,104

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE H: LEASES, Cont'd

Supplemental information is as follows:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 477,784	\$ 452,784
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Operating leases	\$ -	\$ 1,376,241
Weighted-average remaining lease term:		
Operating leases	1.01 years	2.01 years
Weighted-average discount rate:		
Operating leases	2.88%	2.88%

NOTE I: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE J: CONCENTRATIONS

For the years ended June 30, 2024 and 2023, approximately 6% and 14% of total operating revenue and support came from federal agencies relating to certain grants. At June 30, 2024 and 2023 approximately 51% and 77%, respectively, of grants and contracts receivable were due from federal agencies relating to certain grants.

For the years ended June 30, 2024 and 2023, approximately 94% and 86%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE K: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees are eligible to participate in the Plan after attaining the age of 21 and three months of service. Employees can make pretax contributions up to a maximum of 100% of their annual compensation to the Plan, subject to IRS restrictions. The Charter School will make a safe harbor contribution equal to 3% the employee's annual compensation. The Charter School may also contribute a discretionary non-matching contribution to the Plan. The Charter School made a safe harbor contribution of approximately \$206,200 and \$212,900 to the Plan for the years ended June 30, 2024 and 2023, respectively. The Charter School did not make an additional discretionary non-matching contribution for either of the years ended June 30, 2024 and 2023.

NOTE L: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE M: COMMITMENTS

In December 2017, the Charter School entered into an agreement with The Urban Assembly, Inc. to provide ongoing school support and professional development. The agreement continued through June 30, 2024 but was not renewed.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



BUSINESS
ADVISORS
AND CPAS

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

Board of Trustees
Urban Assembly Charter School for Computer Science

We have audited 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, the financial statements of Urban Assembly Charter School for Computer Science, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 4, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urban Assembly Charter School for Computer Science's internal control over financial reporting (internal control) to determine the 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 Urban Assembly Charter School for Computer Science's internal control. Accordingly, we do not express an opinion on the effectiveness of Urban Assembly Charter School for Computer Science'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Urban Assembly Charter School for Computer Science'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 4, 2024