

ELMWOOD VILLAGE CHARTER SCHOOLS

SINGLE AUDIT REPORTING PACKAGE

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Elmwood Village Charter Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Elmwood Village Charter Schools (the Organization) as of June 30, 2023 and 2022, 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 Organization as of June 30, 2023 and 2022, 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 Organization, 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.

Adoption of ASU No. 2016-02

As discussed in Note 5 to the financial statements, the Organization changed its method of accounting for leases of longer than one year, and adopted Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), effective July 1, 2022. Our opinion is not modified with respect to this matter.

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 Organization'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 Organization'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 Organization'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 additional information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and is 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 information 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 18, 2023 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 18, 2023

ELMWOOD VILLAGE CHARTER SCHOOLS

Balance Sheets

June 30,	2023	2022
Assets		
Current assets:		
Cash	\$ 6,594,616	\$ 6,282,010
Receivables (Note 2)	1,081,026	1,786,739
Prepaid expenses and other	176,739	58,184
	<u>7,852,381</u>	<u>8,126,933</u>
Property and equipment, net (Note 3)	12,438,581	12,256,490
Right of use asset - lease (Note 5)	812,230	-
Restricted cash	150,000	150,000
	<u>\$ 21,253,192</u>	<u>\$ 20,533,423</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of lease liability (Note 5)	\$ 247,190	\$ -
Current portion of long-term debt (Note 6)	308,754	300,628
Accounts payable	471,409	712,775
Accrued expenses	1,507,274	1,450,732
	<u>2,534,627</u>	<u>2,464,135</u>
Lease liability (Note 5)	565,040	-
Long-term debt (Note 6)	5,315,785	5,624,906
Net assets:		
Without donor restrictions	12,837,740	12,439,882
With donor restrictions	-	4,500
	<u>12,837,740</u>	<u>12,444,382</u>
	<u>\$ 21,253,192</u>	<u>\$ 20,533,423</u>

See accompanying notes.

ELMWOOD VILLAGE CHARTER SCHOOLS

Statements of Activities

For the years ended June 30,	2023	2022
Net assets without donor restrictions:		
Support and revenue:		
Enrollment fees:		
Resident students	\$ 10,774,014	\$ 10,338,424
Resident students with disabilities	1,313,381	1,353,839
Contributions:		
Federal awards	1,446,006	1,904,351
State awards and other	34,866	117,715
Rental income	255,596	238,459
Interest income	39,122	4,478
Other income	31,106	31,730
Net assets released from restrictions	4,500	44,535
Total support and revenue	<u>13,898,591</u>	<u>14,033,531</u>
Expenses:		
Program expenses:		
Regular education	7,446,361	7,084,399
Special education	2,032,236	1,805,055
Other program	982,502	1,374,030
Supporting services:		
Management and general	3,039,634	2,904,842
Total expenses	<u>13,500,733</u>	<u>13,168,326</u>
Change in net assets without donor restrictions	<u>397,858</u>	<u>865,205</u>
Net assets with donor restrictions:		
Net assets released from restrictions	<u>(4,500)</u>	<u>(44,535)</u>
Change in net assets	393,358	820,670
Net assets - beginning	<u>12,444,382</u>	<u>11,623,712</u>
Net assets - ending	<u>\$ 12,837,740</u>	<u>\$ 12,444,382</u>

ELMWOOD VILLAGE CHARTER SCHOOLS

Statement of Functional Expenses

For the year ended June 30, 2023

	Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	27.0	\$ -	\$ -	\$ -	\$ 1,407,995	\$ 1,407,995
Instructional personnel	119.8	4,188,618	1,236,966	-	-	5,425,584
Non-instructional personnel	12.9	-	-	601,672	-	601,672
Total salaries	159.7	\$ 4,188,618	\$ 1,236,966	\$ 601,672	\$ 1,407,995	\$ 7,435,251
Salaries		\$ 4,188,618	\$ 1,236,966	\$ 601,672	\$ 1,407,995	\$ 7,435,251
Employee benefits and taxes		1,131,671	299,690	169,345	533,664	2,134,370
Retirement		373,824	109,575	53,473	124,114	660,986
Professional fees		-	-	-	280,732	280,732
Other purchased and consulting services		50,111	154,873	-	-	204,984
Rent expense		110,068	4,226	21,802	168,354	304,450
Repairs and maintenance		154,544	44,911	22,365	55,470	277,290
Insurance		60,010	2,304	11,886	91,784	165,984
Utilities		95,073	28,340	13,744	32,654	169,811
Supplies and materials		168,435	-	-	-	168,435
Staff development		107,512	-	-	-	107,512
Marketing and recruitment		-	-	-	11,817	11,817
Technology		182,300	-	-	-	182,300
Student services		241,356	-	109	-	241,465
Office expense		40,743	8,963	6,518	28,145	84,369
Interest		71,421	3,353	14,018	106,420	195,212
Other expenses		804	-	-	40,021	40,825
		6,976,490	1,893,201	914,932	2,881,170	12,665,793
Depreciation		469,871	139,035	67,570	158,464	834,940
Total		\$ 7,446,361	\$ 2,032,236	\$ 982,502	\$ 3,039,634	\$ 13,500,733

ELMWOOD VILLAGE CHARTER SCHOOLS

Statement of Functional Expenses

For the year ended June 30, 2022

	Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	24.0	\$ -	\$ -	\$ -	\$ 1,361,443	\$ 1,361,443
Instructional personnel	123.0	4,056,859	1,133,896	-	-	5,190,755
Non-instructional personnel	17.6	-	-	832,188	-	832,188
Total salaries	164.6	\$ 4,056,859	\$ 1,133,896	\$ 832,188	\$ 1,361,443	\$ 7,384,386
Salaries		\$ 4,056,859	\$ 1,133,896	\$ 832,188	\$ 1,361,443	\$ 7,384,386
Employee benefits and taxes		1,052,158	272,086	238,477	503,563	2,066,284
Retirement		341,468	95,037	71,106	124,291	631,902
Professional fees		-	-	-	240,876	240,876
Other purchased and consulting services		50,499	119,732	-	-	170,231
Rent expense		86,336	-	40,936	176,552	303,824
Repairs and maintenance		126,855	33,473	27,702	52,214	240,244
Insurance		44,016	-	20,868	90,010	154,894
Utilities		92,001	24,638	19,385	31,811	167,835
Supplies and materials		206,421	-	-	-	206,421
Staff development		101,491	-	-	-	101,491
Marketing and recruitment		-	-	-	13,604	13,604
Technology		220,377	-	-	-	220,377
Student services		187,618	-	-	-	187,618
Office expense		25,416	5,274	6,872	18,604	56,166
Interest		59,180	624	27,447	117,070	204,321
Other expenses		1,060	-	-	29,067	30,127
		6,651,755	1,684,760	1,284,981	2,759,105	12,380,601
Depreciation		432,644	120,295	89,049	145,737	787,725
Total		\$ 7,084,399	\$ 1,805,055	\$ 1,374,030	\$ 2,904,842	\$ 13,168,326

Statements of Cash Flows

For the years ended June 30,	2023	2022
Operating activities:		
Cash received from enrollment fees	\$ 12,251,442	\$ 11,575,680
Cash received from contributions	2,022,538	1,338,803
Cash received from rental activities	255,596	238,459
Cash received from other sources	70,228	36,208
Payments to employees for services and benefits	(10,174,065)	(9,928,408)
Payments to vendors and suppliers	(2,410,956)	(1,846,691)
Interest paid	(195,212)	(204,321)
Net operating activities	1,819,571	1,209,730
Investing activities:		
Property and equipment expenditures	(1,205,970)	(394,795)
Financing activities:		
Principal payments on long-term debt	(300,995)	(298,950)
Net change in cash and restricted cash	312,606	515,985
Cash and restricted cash - beginning	6,432,010	5,916,025
Cash and restricted cash - ending	\$ 6,744,616	\$ 6,432,010

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization and Purpose:

Elmwood Village Charter Schools (the Organization) operates Elmwood Village Charter School Days Park (EVCS Days Park) and Elmwood Village Charter School Hertel (EVCS Hertel) in the City of Buffalo, New York (the City) authorized by the Board of Trustees of the State University of New York (Board of Trustees).

EVCS Days Park is chartered through June 2025 and EVCS Hertel is chartered through July 2027. Continuance of operations after these dates is contingent upon charter renewal approvals.

EVCS Days Park currently offers classes from kindergarten through eighth grade. EVCS Hertel offered classes from kindergarten through seventh grade in 2023 (kindergarten through sixth in 2022).

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through October 18, 2023, the date the financial statements were available to be issued.

Cash:

Cash in financial institutions potentially subjects the Organization to concentrations of credit risk, since it may exceed insured limits at various times throughout the year. The Organization complies with a requirement to hold no less than \$150,000 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, 2023 and 2022.

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 Organization’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.

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 Organization residing in that district. The respective districts also reimburse the Organization for special education service based on approved applicable rates for the services provided. Revenues are recognized over the period the services are provided. The Organization 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 Organization’s enrollment fees are received primarily from the City School District.

Contributions

Contributions are reported at fair value at the date the pledge or award is received. 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. 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 Organization 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, 2023, conditional government awards from the Education Stabilization Fund awarded and not yet received amounted to approximately \$339,000 and 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. 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 because all significant amounts deemed uncollectible are written off each year.

Income Taxes:

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

Transportation and Food Services:

Several districts provide the Organization with certain transportation services without cost. The City School District also provides food services without cost. 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 Organization'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 depreciation, interest, and repairs and maintenance, which are allocated based on management's estimate of program benefit.

Reclassifications:

The 2022 financial statements have been reclassified to conform with the presentation adopted for 2023.

2. Receivables:

	2023	2022
Enrollment fees	\$ 432,567	\$ 596,614
Grants	648,459	1,190,125
	<u>\$ 1,081,026</u>	<u>\$ 1,786,739</u>

Enrollment fees receivable as of June 30, 2023 and 2022 include amounts withheld by the City School District for disputed rates of special education services provided by the Organization from 2008 through 2018 (Note 10).

3. Property and Equipment:

	2023	2022
Land	\$ 546,400	\$ 546,400
Building and improvements	15,078,130	13,921,738
Leasehold improvements	140,806	140,806
Instructional equipment	1,779,884	1,572,778
Office equipment	408,709	400,377
Maintenance equipment	53,994	47,027
Construction in progress	-	361,766
	<u>18,007,923</u>	<u>16,990,892</u>
Less accumulated depreciation	<u>5,569,342</u>	<u>4,734,402</u>
	<u>\$ 12,438,581</u>	<u>\$ 12,256,490</u>

4. Short-Term Borrowings:

The Organization has available a \$200,000 bank demand line of credit for working capital with interest payable at prime plus .25%. The line is subject to the usual terms and conditions applied by the bank for working capital financing, secured by essentially all assets of the Organization, and is annually reviewed and renewed. There were no borrowings on the line of credit at June 30, 2023 and 2022.

5. Lease Liability:

The Organization leases property under the terms of a non-cancelable operating lease.

Accounting Standards Update (ASU) 2016-02, *Leases*, requires for leases longer than one year, a lessee recognize on the balance sheets a right of use asset (ROU), representing the right to use the underlying asset for the lease term, and a lease liability, representing the present value of future lease payments. This ASU was adopted as of July 1, 2022 using the cumulative effect method. As of July 1, 2022, ROU asset and lease liability of \$1,045,060 were recognized; prior year financial statements were not recast under the new method. The standard did not impact the Organization's statement of activities.

The present value of the Organization's lease liability at transition was calculated using an estimated incremental borrowing rate of 6%. In determining the incremental borrowing rate, the Organization considered estimated borrowing data for similar arrangements as of the transition date.

As permitted by guidance, leases with expected durations of less than 12 months from inception (i.e. short-term leases) were excluded from the Organization's calculation of its lease liability and ROU asset.

Additionally, the Organization has a concurrent agreement with an unaffiliated organization to sublease the property at a monthly rate of \$21,449 through July 2026. Rental income under this sublease agreement totaled \$255,596 and \$238,459 for the years ended June 30, 2023 and 2022.

The following is a summary of the Organization's total lease costs:

	<u>2023</u>	<u>2022</u>
Operating lease cost	<u>\$ 304,450</u>	<u>\$ 303,824</u>

The following is a summary of cash paid in 2023 for amounts included in the measurement of lease liability:

	<u>2023</u>
Operating cash flows used for operating leases	<u>\$ 304,450</u>

The following is a summary of the Organization's maturity of operating lease liability:

2024	\$ 289,200
2025	289,200
2026	289,200
2027	<u>24,100</u>
Total lease payments	<u>891,700</u>
Less interest	<u>79,470</u>
Total lease liability	<u>\$ 812,230</u>

6. Long Term Debt:

	<u>2023</u>	<u>2022</u>
Bank mortgage note payable, monthly installments of \$33,252 including interest at 3.152%, secured by Organization property and equipment, balloon payment of approximately \$4,756,000 due March 2026.	<u>\$ 5,405,042</u>	\$ 5,627,452
Bank note payable, monthly installments of \$5,644 including interest at 3.152%, secured by Organization property and equipment, due through March 2026.	<u>178,674</u>	239,625
Equipment loans, varying monthly installments and interest rates, secured by related equipment, due through May 2027.	<u>63,134</u>	89,134
	<u>5,646,850</u>	5,956,211
Less unamortized debt issuance costs	<u>22,311</u>	30,677
	<u>5,624,539</u>	5,925,534
Less current portion	<u>308,754</u>	300,628
	<u>\$ 5,315,785</u>	<u>\$ 5,624,906</u>

Debt issuance costs are amortized as interest expense over the remaining term of the debt arrangements. Amortization expense of debt issuance costs for the years ended June 30, 2023 and 2022 was \$8,366.

Aggregate maturities of net long-term debt balances at June 30, 2023 are:

2024	\$ 308,754
2025	307,905
2026	4,997,533
2027	<u>10,347</u>
	<u>\$ 5,624,539</u>

The bank loan agreements contain certain covenants relating to, among other things, the maintenance of levels of debt service coverage and various other restrictions. Management believes it complies with pertinent covenants.

7. Retirement Plans:

The Organization participates 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 the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board at an actuarially determined rate. The rate is 10.29% of the annual covered payroll for the year ended June 30, 2023, and 9.80% for the year ended June 30, 2022. The Organization's required contributions for the years ended June 30, 2023 and 2022 were \$626,918 and \$588,800.

The Organization also has a contributory defined contribution pension plan covering selected employee groups. The Organization contributes a percentage of non-instructional employees' salaries to the plan, subject to certain limitations. The Organization's pension expenses for the years ended June 30, 2023 and 2022 were \$34,068 and \$43,102.

8. Cash Flows Information:

The 2023 and 2022 statements of cash flows exclude the effect of property and equipment additions included in accounts payable at June 30, 2023 and 2022 totaling \$142,300 and \$331,239.

The 2022 statement of cash flows also excludes property and equipment additions acquired with term financing arrangements of \$63,487.

9. Financial Assets Available for Operating Purposes:

The Organization obtains financial assets generally through enrollment fees, contributions, and rental income. The financial assets are acquired throughout the year to help meet the Organization's cash needs for general expenditures. If necessary, the Organization also has access to a \$200,000 bank demand line of credit (Note 4).

The Organization'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, 2023 and 2022:

	2023	2022
Cash available for operations	\$ 6,594,616	\$ 6,277,510
Receivables	1,081,026	1,786,739
	\$ 7,675,642	\$ 8,064,249

10. Contingency:

In 2019, an audit by the Office of the New York State Comptroller determined the City School District had provided incorrect special education rates for over a decade. As a result, there is a dispute with the rate used for aid that passes through the City School District to the Organization for special education services.

The City School District recouped approximately \$501,400 in special education aid in the 2019-20 and 2020-21 school years through a reduction in the City School District's payments for enrollment fees earned by the Organization. To recover amounts withheld and pursuant to guidance, the Organization has submitted a State intercept to the New York State Education Department Commissioner and is following all administrative procedures to resolve the matter.

In May 2023, the Organization received payment from the State for the 2019-20 school year recoupment for a total of approximately \$199,000. Management believes the Organization will receive the remaining funds through the State administrative procedure for the 2020-21 school year as well.

ELMWOOD VILLAGE CHARTER SCHOOLS

Additional Information
Combining Statement of Activities

For the year ended June 30, 2023
(With comparative totals for June 30, 2022)

	EVCS Days Park	EVCS Hertel	Total 2023	Total 2022
Net assets without donor restrictions:				
Support and revenue:				
Enrollment fees:				
Resident students	\$ 5,739,596	\$ 5,034,418	\$ 10,774,014	\$ 10,338,424
Resident students with disabilities	705,093	608,288	1,313,381	1,353,839
Contributions:				
Federal awards	641,804	804,202	1,446,006	1,904,351
State awards and other	15,143	19,723	34,866	117,715
Rental income	127,798	127,798	255,596	238,459
Interest income	19,561	19,561	39,122	4,478
Other income	8,708	22,398	31,106	31,730
Net assets released from restrictions	-	4,500	4,500	44,535
Total support and revenue	<u>7,257,703</u>	<u>6,640,888</u>	<u>13,898,591</u>	<u>14,033,531</u>
Expenses:				
Program expenses:				
Regular education	4,064,704	3,381,657	7,446,361	7,084,399
Special education	1,077,772	954,464	2,032,236	1,805,055
Other program	523,702	458,800	982,502	1,374,030
Supporting services:				
Management and general	1,529,501	1,510,133	3,039,634	2,904,842
Total expenses	<u>7,195,679</u>	<u>6,305,054</u>	<u>13,500,733</u>	<u>13,168,326</u>
Change in net assets without donor restrictions	<u>62,024</u>	<u>335,834</u>	<u>397,858</u>	<u>865,205</u>
Net assets with donor restrictions:				
Net assets released from restrictions	-	(4,500)	(4,500)	(44,535)
Changes in net assets	62,024	331,334	393,358	820,670
Net assets - beginning	<u>10,644,851</u>	<u>1,799,531</u>	<u>12,444,382</u>	<u>11,623,712</u>
Net assets - ending	<u>\$ 10,706,875</u>	<u>\$ 2,130,865</u>	<u>\$ 12,837,740</u>	<u>\$ 12,444,382</u>

ELMWOOD VILLAGE CHARTER SCHOOLS

Additional Information
Combining Statement of Functional Expenses

For the year ended June 30, 2023
 (With comparative totals for June 30, 2022)

	EVCS Days Park					
	Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	13.5	\$ -	\$ -	\$ -	\$ 702,457	\$ 702,457
Instructional personnel	61.9	2,286,465	640,121	-	-	2,926,586
Non-instructional personnel	6.1	-	-	318,793	-	318,793
Total salaries	81.5	\$ 2,286,465	\$ 640,121	\$ 318,793	\$ 702,457	\$ 3,947,836
Salaries		\$ 2,286,465	\$ 640,121	\$ 318,793	\$ 702,457	\$ 3,947,836
Employee benefits and taxes		645,852	164,969	93,830	277,707	1,182,358
Retirement		226,174	63,447	31,570	69,726	390,917
Professional fees		-	-	-	140,366	140,366
Other purchased and consulting services		24,087	95,262	-	-	119,349
Rent expense		55,034	2,113	10,901	84,177	152,225
Repairs and maintenance		83,620	23,058	11,745	27,473	145,896
Insurance		30,005	1,152	5,943	45,892	82,992
Utilities		43,190	12,077	6,025	13,341	74,633
Supplies and materials		80,541	-	-	-	80,541
Staff development		53,890	-	-	-	53,890
Marketing and recruitment		-	-	-	5,650	5,650
Technology		102,344	-	-	-	102,344
Student services		127,763	-	-	-	127,763
Office expense		20,846	4,380	3,261	13,777	42,264
Interest		35,736	1,664	7,007	53,181	97,588
Other expenses		804	-	-	19,454	20,258
		3,816,351	1,008,243	489,075	1,453,201	6,766,870
Depreciation		248,353	69,529	34,627	76,300	428,809
Total		\$ 4,064,704	\$ 1,077,772	\$ 523,702	\$ 1,529,501	\$ 7,195,679

EVCS Hertel

Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total	Total 2023	Total 2022
13.5	\$ -	\$ -	\$ -	\$ 705,538	\$ 705,538	\$ 1,407,995	\$ 1,361,443
57.9	1,902,153	596,845	-	-	2,498,998	5,425,584	5,190,755
6.8	-	-	282,879	-	282,879	601,672	832,188
78.2	\$ 1,902,153	\$ 596,845	\$ 282,879	\$ 705,538	\$ 3,487,415	\$ 7,435,251	\$ 7,384,386
	\$ 1,902,153	\$ 596,845	\$ 282,879	\$ 705,538	\$ 3,487,415	\$ 7,435,251	\$ 7,384,386
	485,819	134,721	75,515	255,957	952,012	2,134,370	2,066,284
	147,650	46,128	21,903	54,388	270,069	660,986	631,902
	-	-	-	140,366	140,366	280,732	240,876
	26,024	59,611	-	-	85,635	204,984	170,231
	55,034	2,113	10,901	84,177	152,225	304,450	303,824
	70,924	21,853	10,620	27,997	131,394	277,290	240,244
	30,005	1,152	5,943	45,892	82,992	165,984	154,894
	51,883	16,263	7,719	19,313	95,178	169,811	167,835
	87,894	-	-	-	87,894	168,435	206,421
	53,622	-	-	-	53,622	107,512	101,491
	-	-	-	6,167	6,167	11,817	13,604
	79,956	-	-	-	79,956	182,300	220,377
	113,593	-	109	-	113,702	241,465	187,618
	19,897	4,583	3,257	14,368	42,105	84,369	56,166
	35,685	1,689	7,011	53,239	97,624	195,212	204,321
	-	-	-	20,567	20,567	40,825	30,127
	3,160,139	884,958	425,857	1,427,969	5,898,923	12,665,793	12,380,601
	221,518	69,506	32,943	82,164	406,131	834,940	787,725
	\$ 3,381,657	\$ 954,464	\$ 458,800	\$ 1,510,133	\$ 6,305,054	\$ 13,500,733	\$ 13,168,326

ELMWOOD VILLAGE CHARTER SCHOOLS

Additional Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

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	0021-23-4340/0021-23-5325	\$ 276,693
Title I Grants to Local Educational Agencies	84.010	0021-22-4340/0021-22-5325	5,538
Supporting Effective Instruction State Grants	84.367	0147-23-4340/0147-23-5325	36,017
Student Support and Academic Enrichment Program	84.424	0204-23-4340/0204-23-5325	11,319
Student Support and Academic Enrichment Program	84.424	0204-22-4340/0204-22-5325	10,735
Education Stabilization Fund:			
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-4340/5880-21-5325	1,006,225
Total U.S. Department of Education			1,346,527
<u>Federal Communications Commission</u>			
Emergency Connectivity Fund Program	32.009	n/a	99,479
Total Expenditures of Federal Awards			\$ 1,446,006

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 presents the activity of all federal award programs administered by Elmwood Village Charter Schools (the Organization), an entity as defined in Note 1 to the Organization'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 schedule of expenditures of federal awards.

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 Organization's financial reporting system. The federal expenditures are recorded on the accrual basis.

Indirect Costs

The Organization 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
Elmwood Village Charter Schools

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 Elmwood Village Charter Schools (the Organization), which comprise the balance sheet as of June 30, 2023, 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, 2023.

Report on Internal Control over Financial Reporting

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

A handwritten signature in blue ink that reads "Lynda & McCormick, LLP". The signature is written in a cursive, flowing style.

October 18, 2023

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
Elmwood Village Charter Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Elmwood Village Charter Schools' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization'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 Organization complied, in all material respects, with the 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, 2023.

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 Organization 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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 18, 2023

Schedule of Findings and Questioned Costs

For the year ended June 30, 2023

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 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	<u>\$ 1,006,225</u>

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

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No findings were reported.

Section III. Federal Award Findings and Questioned Costs

No findings were reported.