

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022
(With Comparative Totals for 2021)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Atmosphere Academy Public Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atmosphere Academy Public Charter School, which comprise the statement of financial position as of June 30, 2022, 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 Atmosphere Academy Public Charter School as of June 30, 2022, 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 Atmosphere Academy Public Charter School 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 Atmosphere Academy Public Charter School'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 Atmosphere Academy Public Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atmosphere Academy Public Charter School's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Financial Information

We have previously audited Atmosphere Academy Public Charter School's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of Atmosphere Academy Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 Atmosphere Academy Public Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 31, 2022

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(With Comparative Totals for 2021)

<u>ASSETS</u>	June 30,	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 82,920	\$ 141,094
Grants and contract receivables	231,851	350,952
Contributions and other receivables	1,086	13,419
Prepaid expenses and other current assets	169,475	142,499
TOTAL CURRENT ASSETS	485,332	647,964
<u>PROPERTY AND EQUIPMENT, net</u>	2,514,152	1,729,435
<u>OTHER ASSETS</u>		
Cash in escrow	75,104	75,089
Deposits	257,913	257,913
TOTAL ASSETS	<u>\$ 3,332,501</u>	<u>\$ 2,710,401</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,407,295	\$ 997,447
Current portion of loans from related party	150,000	150,000
Current portion of deferred lease incentive	38,261	-
TOTAL CURRENT LIABILITIES	1,595,556	1,147,447
<u>OTHER LIABILITIES</u>		
Long-term loans from related party	60,000	210,000
Deferred lease incentive	25,507	-
Deferred lease liability	402,237	394,216
OTHER LIABILITIES	487,744	604,216
TOTAL LIABILITIES	2,083,300	1,751,663
<u>NET ASSETS</u>		
Without donor restrictions	1,249,201	958,738
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,332,501</u>	<u>\$ 2,710,401</u>

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

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 10,974,603	\$ 9,488,740
Students with disabilities	1,526,691	1,303,623
Grants and contracts:		
State and local	59,242	33,109
Federal - Title and IDEA	725,858	411,174
Federal - other	1,742,659	185,467
NYC DOE Rental assistance	<u>3,260,917</u>	<u>2,462,099</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	18,289,970	13,884,212
Expenses:		
Program services:		
Regular education	11,246,295	8,294,226
Special education	<u>4,144,401</u>	<u>2,928,016</u>
TOTAL PROGRAM SERVICES	15,390,696	11,222,242
Management and general	<u>2,621,941</u>	<u>1,933,820</u>
TOTAL OPERATING EXPENSES	<u>18,012,637</u>	<u>13,156,062</u>
SURPLUS FROM SCHOOL OPERATIONS	277,333	728,150
Support and other revenue:		
Contributions:		
Individuals	1,052	20
Fundraising	-	1,864
Sublease rental income	12,000	12,000
Interest income	<u>78</u>	<u>113</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>13,130</u>	<u>13,997</u>
CHANGE IN NET ASSETS	290,463	742,147
Net assets at beginning of year	<u>958,738</u>	<u>216,591</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,249,201</u></u>	<u><u>\$ 958,738</u></u>

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

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

		Year ended June 30,						
		2022						2021
No. of Positions June 30, 2022	Program Services			Supporting Services			Total	Total
	Regular Education	Special Education	Sub-total	Management and General	Sub-total			
Personnel services costs:								
Administrative staff personnel	23	\$ 1,508,422	\$ 410,038	\$ 1,918,460	\$ 1,204,008	\$ 1,204,008	\$ 3,122,468	\$ 2,273,112
Instructional personnel	64	3,783,518	1,618,061	5,401,579	-	-	5,401,579	4,535,868
Total salaries and wages	87	5,291,940	2,028,099	7,320,039	1,204,008	1,204,008	8,524,047	6,808,980
Fringe benefits and payroll taxes		1,247,066	477,930	1,724,996	283,729	283,729	2,008,725	1,542,462
Retirement		215,380	82,543	297,923	49,003	49,003	346,926	282,068
Legal services		-	-	-	54,854	54,854	54,854	35,810
Accounting/Audit services		-	-	-	32,400	32,400	32,400	21,400
Other Purchased/Professional/Consulting Services		273,755	104,915	378,670	232,638	232,638	611,308	419,633
Building rent		1,505,673	577,039	2,082,712	342,567	342,567	2,425,279	1,955,355
Repairs and maintenance		319,910	122,603	442,513	72,785	72,785	515,298	322,165
Insurance		62,911	24,110	87,021	14,313	14,313	101,334	70,620
Utilities		62,116	23,806	85,922	14,132	14,132	100,054	62,053
Supplies/Materials		374,691	101,853	476,544	-	-	476,544	263,414
Equipment/Furnishings		40,550	12,422	52,972	2,858	2,858	55,830	70,225
Staff development		51,587	14,271	65,858	507	507	66,365	49,091
Marketing/Recruitment		157,753	60,114	217,867	35,189	35,189	253,056	163,495
Technology		143,089	54,838	197,927	55,885	55,885	253,812	325,947
Food service		87,786	23,863	111,649	-	-	111,649	27,475
Student services		944,060	256,626	1,200,686	-	-	1,200,686	238,154
Office expense		46,296	17,743	64,039	131,100	131,100	195,139	112,993
Depreciation and amortization		379,908	145,597	525,505	86,436	86,436	611,941	348,880
Other		41,824	16,029	57,853	9,537	9,537	67,390	35,842
		\$ 11,246,295	\$ 4,144,401	\$ 15,390,696	\$ 2,621,941	\$ 2,621,941	\$ 18,012,637	\$ 13,156,062

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

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	Year ended June 30,	
	2022	2021
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 290,463	\$ 742,147
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	611,941	348,880
Changes in certain assets and liabilities affecting operations:		
Grants and contract receivables	119,101	(200,302)
Contributions and other receivables	12,333	1,365
Prepaid expenses and other current assets	(26,976)	(80,704)
Deposits	-	(16,981)
Accounts payable and accrued expenses	187,867	355,886
Deferred lease liability	8,021	140,168
Deferred lease incentive	63,768	-
Due to NYC Department of Education	-	(130,027)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	1,266,518	1,160,432
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(1,174,677)	(861,757)
NET CASH USED FOR INVESTING ACTIVITIES	(1,174,677)	(861,757)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings from a related party	350,000	260,000
Repayments to a related party	(500,000)	(427,500)
NET CASH USED FOR FINANCING ACTIVITIES	(150,000)	(167,500)
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(58,159)	131,175
Cash and restricted cash at beginning of year	216,183	85,008
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 158,024	\$ 216,183
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	\$ 14,620	\$ 26,967
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable and accrued expenses	\$ 221,981	\$ 317,167

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

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(With Comparative Totals for 2021)

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

The Charter School

Atmosphere Academy Public Charter School (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School is a middle school with the mission of preparing students to be ready for college, career and life. On October 16, 2014 the Board of Trustees of the University of the State of New York (SUNY) granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. On January 31, 2020, the Charter School obtained a renewal through July 31, 2025. In May 2021, SUNY approved a revision to the Charter School's charter to open a High School in the 2022-2023 school year.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

These classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current net assets without donor restrictions for specific purposes, projects or investment.

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 no net assets with donor restrictions at June 30, 2022 or 2021.

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 and restricted cash balances for the years ended June 30, 2022 and 2021 consisted of the following:

	June 30,	
	2022	2021
Cash	\$ 82,920	\$ 141,094
Cash in escrow	75,104	75,089
	<u>\$ 158,024</u>	<u>\$ 216,183</u>

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first three years of operations and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve.

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.

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 public school district 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.

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

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

	June 30,		
	2022	2021	2020
Contracts receivable	\$ 35,237	\$ 58,425	\$ 8,618

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

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 and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, 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.

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 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. There was no revenue deferred at either June 30, 2022 or 2021. The Charter School received cost-reimbursement grants of approximately \$2,536,987 and \$175,857 that have not been recognized at June 30, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2022 or 2021.

Pledges receivable

Pledges receivable represent unconditional promises to give. Pledges that are expected to be collected within one year are recorded at their realizable value. Those that are to be collected in future years are recorded at the present value of estimated future collections. There were no pledges receivable at June 30, 2022 or 2021.

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 three to seven years. Leasehold improvements are being amortized over the term of the lease.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Deferred rent benefit/liability

The Charter School leases its facilities. The leases contain pre-determined changes of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis over the lease terms and records the difference between the recognized rental expense and the amounts payable under the leases as a deferred rent benefit or liability.

Contributed services

The Organization 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.

The Charter School received no contributed services for consulting and legal services for the years ended June 30, 2022 and 2021.

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 tax returns for the years ended June 30, 2019 through June 30, 2022 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$253,100 and \$163,500 for the years ended June 30, 2022 and 2021, respectively.

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.

Deposits

Deposits are made up of payments to third parties in connection with facility lease agreements.

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.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Adoption of new accounting standard – gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kinds recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and is being applied on a retrospective basis. The Charter School adopted this standard during the year ended June 30, 2022. There were no gifts-in-kind recorded for the years ended June 30, 2022 and 2021.

New accounting pronouncements - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School’s financial position or results of operations.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 31, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

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 balanced 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 and shows positive cash generated by operations for fiscal year 2022 and 2021.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE B: LIQUIDITY AND AVAILABILITY, Cont'd

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, 2022 and 2021:

	June 30,	
	2022	2021
Cash	\$ 82,920	\$ 141,094
Grants and contract receivables	231,851	350,952
Contributions and other receivables	1,086	13,419
Total financial assets available to management for general expenditures within one year	<u>\$ 315,857</u>	<u>\$ 505,465</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2022	2021
Furniture and fixtures	\$ 616,771	\$ 597,602
Office and classroom equipment	283,491	256,424
Leasehold improvements	2,895,376	1,736,515
Software	35,994	17,434
Computers and equipment	510,195	340,445
Construction in progress	21,065	17,815
	4,362,892	2,966,235
Less accumulated depreciation	<u>1,848,740</u>	<u>1,236,800</u>
	<u>\$ 2,514,152</u>	<u>\$ 1,729,435</u>

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE D: SCHOOL FACILITIES

The Charter School leases its facilities from a third party with current monthly payments of \$82,000, and monthly payments escalate through June 2029. Rent expense incurred under this lease for the years ended June 30, 2022 and 2021 was approximately \$985,000 and \$717,000, respectively. In August 2020, this lease was amended for the cost of improvements totaling \$198,765 to be included as supplemental rent to be paid on or before September 30, 2020. The Charter School has two sublease agreements for this facility for the use of space during the summer months and after school. Sublease rental income for these agreements for both the years ended June 30, 2022 and 2021 approximated \$12,000.

The Charter School leased a second location from a third party with current monthly payments of \$54,800, and monthly payments escalate through August 2022. In August 2021, this lease was amended to extend the lease with monthly escalating payments through July 2026, including \$1,500,000 of additional rent for improvements and relocation of offices. The additional rent is to be paid annually in installments ranging from \$100,000 to \$600,000 until paid in full and is included in the future minimum payments below. Rent expense for this location approximated \$615,000 and \$548,000 for the years ended June 30, 2022 and 2021, respectively.

In April 2017, the Charter School entered into a 10 year agreement with a third party to lease a third location with escalating monthly payments of approximately \$35,000 per month. The lease went into effect when the School received the certificate of occupancy in November 2018. In August 2020, the lease was amended for additional space leased to the School. The lease amendment went into effect when the School received the temporary certificate of occupancy in March 2021. The additional space requires current monthly payments of approximately \$72,000 per month through March 2023, then \$29,500 per month through October 2028. Rent expense for this location approximated \$666,000 and \$425,000 for the years ended June 30, 2022 and 2021. There is an additional lease for parking at this location with monthly escalating payments of approximately \$7,200 through October 2028.

The lease agreements call for changes in the monthly lease payments. The deferred rent liability represents the difference between what will be paid by the Charter School and what is due based on a straight-line calculation of rent over the term of the leases.

The future minimum payments required under the agreements are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 3,458,100
2024	2,658,600
2025	2,697,600
2026	2,597,600
2027	1,894,200
Thereafter	3,129,100
	<u>\$ 16,435,200</u>

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE E: 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 F: CONCENTRATIONS

At June 30, 2022 and 2021, approximately 100% of grants and contract receivables are due from New York State and federal agencies relating to certain grants.

During the years ended June 30, 2022 and 2021, approximately 86% and 95%, respectively of total revenue, gains, and other support came from per-pupil funding and rental assistance provided by New York State through the New York City School District. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE G: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees are immediately eligible to participate in the Plan. The Plan allows for the Charter School to make a matching contribution to the Plan. The Charter School contributed approximately \$347,000 and \$282,000 to the Plan for the years ended June 30, 2022 and 2021, respectively.

NOTE H: OPERATING LEASES

The Charter School leases office equipment under non-cancelable lease agreements at a monthly cost of approximately \$8,200 that will expire at various dates through April 2027. The future minimum payments on these agreements is approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 98,900
2024	89,800
2025	62,400
2026	62,400
2027	48,200
	<u>\$ 361,700</u>

During fiscal 2022, an existing lease for certain office equipment was bought out by a new vendor who provided a cash lease incentive to the Charter School. The deferred lease incentive associated with this buyout will be amortized over the remaining life of the prior lease and is included in deferred lease incentive on the accompanying statement of financial position as of June 30, 2022. Approximately \$38,000 and \$26,000 is expected to be recognized for the years ending June 30, 2023 and 2024, respectively.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE I: 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 J: DUE TO NYC DEPARTMENT OF EDUCATION

Amounts due to the NYC Department of Education represented overpayments related to lease assistance provided by the City for school facilities. These amounts consisted of \$130,027 at June 30, 2020 and was included as a liability in the accompanying statement of financial position, which was repaid in full during 2021.

NOTE K: RELATED PARTY TRANSACTIONS

Loans from related party is summarized as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Restructured note payable to a Board Trustee with principal due in three annual installments of \$150,000, one installment of \$60,000, with interest at prime plus 100 basis points, which resets annually (5.75% at June 30, 2022) through July 2023.	\$ 210,000	\$ 210,000
Notes repaid in 2022	<u>-</u>	<u>150,000</u>
	210,000	360,000
Less current portion	<u>150,000</u>	<u>150,000</u>
	<u>\$ 60,000</u>	<u>\$ 210,000</u>

Annual maturities of long-term debt are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 150,000
2024	<u>60,000</u>
	<u>\$ 210,000</u>

The Charter School also received and repaid a note in the amount of \$350,000 to the Board Trustee during the year ended June 30, 2022.

The Charter School is related to Atmosphere Foundation, Inc. (the "Foundation") through common board representation. There were no contributions from the Foundation for the years ended June 30, 2022 and 2021.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE L: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	2022	2021
Undesignated	\$ (1,264,951)	\$ (770,697)
Invested in property and equipment	2,514,152	1,729,435
	<u>\$ 1,249,201</u>	<u>\$ 958,738</u>

NOTE M: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of corona virus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized \$1,661,855 and \$185,467 of revenue relative to ESSER grants during the years ended June 30, 2022 and 2021, respectively. The Charter School has \$2,536,987 of ESSER grants still available through September 30, 2024 as of June 30, 2022.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

BRONX, NEW YORK

SCHEDULES REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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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
Atmosphere Academy Public Charter School

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 Atmosphere Academy Public Charter School, which comprise the statement of financial position as of June 30, 2022 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 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Atmosphere Academy Public Charter School's internal control over financial reporting (internal control) as a basis for designing 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 Atmosphere Academy Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Atmosphere Academy Public Charter School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Atmosphere Academy Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of Atmosphere Academy Public Charter School in a separate letter dated October 31, 2022.

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 31, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Atmosphere Academy Public Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Atmosphere Academy Public Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Atmosphere Academy Public Charter School's major federal programs for the year ended June 30, 2022. Atmosphere Academy Public Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Atmosphere Academy Public Charter School 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, 2022.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Atmosphere Academy Public Charter School as of and for the year ended June 30, 2022, and have issued our report thereon dated October 31, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 31, 2022

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

	<u>Federal AL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education:			
<u>Passed through New York State Education Department:</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 473,226
Title IIA - Supporting Effective Instruction State Grant	84.367	0147	59,570
Title IIIA - English Language Learners	84.365	0293	10,032
Title IIIA - Immigrant Education	84.365	0149	24,796
Title IV - Student Support and Academic Enrichment Program	84.424	0204	28,611
<u>Education Stabilization Funds -</u>			
ESSER I - Elementary and Secondary School Emergency Relief Fund	84.425D	5890	53,689
ESSER II - Elementary and Secondary School Emergency Relief Fund	84.425D	5891	710,653
ARP ESSER - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	5880	897,513
<i>Total Education Stabilization Funds</i>			<u>1,661,855</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			2,258,090
 Federal Communications Commission:			
<u>Passed through the Universal Service</u>			
<u>Administrative Company</u>			
Emergency Connectivity Fund Program - COVID	32009	10672618	80,804
TOTAL FEDERAL COMMUNICATIONS COMMISSION			<u>80,804</u>
 TOTAL ALL PROGRAMS			<u>\$ 2,338,894</u>

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Cont'd

YEAR ENDED JUNE 30, 2022

NOTE A: BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of Atmosphere Academy Public Charter School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Atmosphere Academy Public Charter School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- | | | | | |
|---------------------------------------------------------------------------------------------|-------|-----|--------------|---------------|
| • Material weakness (es) identified? | _____ | yes | <u> x </u> | no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ | yes | <u> x </u> | none reported |

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- | | | | | |
|---------------------------------------------------------------------------------------------|-------|-----|--------------|---------------|
| • Material weakness (es) identified? | _____ | yes | <u> x </u> | no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ | yes | <u> x </u> | none reported |

Type of auditor's 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)?

_____ yes x no

Identification of major program:

AL Number:

84.425D & 84.425U

Name of Federal Program or Cluster:

ESSER I & ESSER II & ARP ESSER

Dollar threshold used to distinguish between type A and type B programs:

 \$750,000

Auditee qualified as low-risk auditee?

_____ yes x no

ATMOSPHERE ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd
YEAR ENDED JUNE 30, 2022

FINDINGS – FINANCIAL STATEMENT AUDIT

- NONE

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- NONE

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

- NONE