

ELMWOOD VILLAGE CHARTER SCHOOLS

SINGLE AUDIT REPORTING PACKAGE

JUNE 30, 2022

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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, 2022 and 2021, 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, 2022 and 2021, 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.

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 27, 2022 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.



Lynden & McCormick, LLP

October 27, 2022

ELMWOOD VILLAGE CHARTER SCHOOLS

Balance Sheets

June 30,	2022	2021
Assets		
Current assets:		
Cash	\$ 6,282,010	\$ 5,766,025
Receivables (Note 2)	1,786,739	1,130,500
Prepaid expenses and other	58,184	191,873
	<u>8,126,933</u>	<u>7,088,398</u>
Property and equipment, net (Note 3)	12,256,490	12,254,694
Restricted cash	<u>150,000</u>	150,000
	<u>\$ 20,533,423</u>	<u>\$ 19,493,092</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt (Note 5)	\$ 300,628	\$ 294,522
Accounts payable	712,775	411,815
Accrued expenses	1,450,732	1,296,568
	<u>2,464,135</u>	<u>2,002,905</u>
Long-term debt (Note 5)	5,624,906	5,866,475
Net assets:		
Without donor restrictions	12,439,882	11,574,677
With donor restrictions (Note 6)	4,500	49,035
	<u>12,444,382</u>	<u>11,623,712</u>
	<u>\$ 20,533,423</u>	<u>\$ 19,493,092</u>

ELMWOOD VILLAGE CHARTER SCHOOLS

Statements of Activities

For the years ended June 30,	2022	2021
Net assets without donor restrictions:		
Support and revenue:		
Enrollment fees:		
Resident students	\$ 10,338,424	\$ 9,764,168
Resident students with disabilities	1,353,839	1,253,608
Contributions:		
Federal, state, and local awards	2,022,066	1,412,523
Paycheck Protection Program (Note 12)	-	1,451,500
Rental income	238,459	235,239
Interest income	4,478	11,874
Other income	31,730	4,980
Net assets released from restrictions	44,535	62,406
Total support and revenue	<u>14,033,531</u>	<u>14,196,298</u>
Expenses:		
Program expenses:		
Regular education	7,084,399	6,163,936
Special education	1,805,055	1,648,374
Other program	1,374,030	1,280,128
Supporting services:		
Management and general	2,904,842	2,522,743
Total expenses	<u>13,168,326</u>	<u>11,615,181</u>
Change in net assets without donor restrictions	<u>865,205</u>	<u>2,581,117</u>
Net assets with donor restrictions:		
Contributions	-	45,035
Net assets released from restrictions	(44,535)	(62,406)
Change in net assets with donor restrictions	<u>(44,535)</u>	<u>(17,371)</u>
Change in net assets	820,670	2,563,746
Net assets - beginning	<u>11,623,712</u>	<u>9,059,966</u>
Net assets - ending	<u>\$ 12,444,382</u>	<u>\$ 11,623,712</u>

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

ELMWOOD VILLAGE CHARTER SCHOOLS

Statement of Functional Expenses

For the year ended June 30, 2021

	Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	20.8	\$ -	\$ -	\$ -	\$ 1,207,313	\$ 1,207,313
Instructional personnel	99.5	3,560,356	1,023,908	-	-	4,584,264
Non-instructional personnel	19.5	-	-	821,739	-	821,739
Total salaries	139.8	\$ 3,560,356	\$ 1,023,908	\$ 821,739	\$ 1,207,313	\$ 6,613,316
Salaries		\$ 3,560,356	\$ 1,023,908	\$ 821,739	\$ 1,207,313	\$ 6,613,316
Employee benefits and taxes		947,717	273,647	220,000	333,550	1,774,914
Retirement		333,935	103,304	51,582	60,338	549,159
Professional fees		-	-	-	279,963	279,963
Other purchased and consulting services		14,248	131,801	-	-	146,049
Rent expense		32,994	-	42,892	204,735	280,621
Repairs and maintenance		110,203	33,610	18,406	22,817	185,036
Insurance		31,859	1,399	36,244	74,645	144,147
Utilities		80,431	24,610	12,736	14,985	132,762
Supplies and materials		105,016	-	-	-	105,016
Staff development		46,271	-	-	-	46,271
Marketing and recruitment		-	-	-	5,050	5,050
Technology		172,951	-	-	-	172,951
Student services		132,841	-	3,511	-	136,352
Office expense		-	-	-	57,772	57,772
Interest		68,426	6,406	64,817	131,523	271,172
Other expenses		330	-	-	25,465	25,795
		5,637,578	1,598,685	1,271,927	2,418,156	10,926,346
Depreciation		526,358	49,689	8,201	104,587	688,835
Total		\$ 6,163,936	\$ 1,648,374	\$ 1,280,128	\$ 2,522,743	\$ 11,615,181

ELMWOOD VILLAGE CHARTER SCHOOLS

Statements of Cash Flows

For the years ended June 30,

	2022	2021
Operating activities:		
Cash received from enrollment fees	\$ 11,575,680	\$ 11,035,493
Cash received from contributions	1,169,613	1,055,523
Cash received from rental activities	238,459	235,239
Cash received from other sources	205,398	16,854
Payments to employees for services and benefits	(9,928,408)	(8,764,198)
Payments to vendors and suppliers	(1,846,691)	(1,745,143)
Interest paid	(204,321)	(271,172)
Net operating activities	1,209,730	1,562,596
Investing activities:		
Property and equipment expenditures	(394,795)	(1,727,741)
Financing activities:		
Principal payments on long-term debt	(298,950)	(6,215,779)
Proceeds from long-term debt	-	6,211,738
Net financing activities	(298,950)	(4,041)
Net change in cash and restricted cash	515,985	(169,186)
Cash and restricted cash - beginning	5,916,025	6,085,211
Cash and restricted cash - ending	\$ 6,432,010	\$ 5,916,025

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 sixth grade in 2022 (kindergarten through fifth in 2021).

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through October 27, 2022, 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, 2022 and 2021.

Property and Equipment:

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

Revenue Recognition:

Enrollment Fees

Enrollment fees are received from the public-school districts where the students reside. 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.

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 Section 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 2021 financial statements have been reclassified to conform with the presentation adopted in 2022.

2. Receivables:

	2022	2021
Enrollment fees	\$ 596,614	\$ 623,638
Grants	1,190,125	506,862
	<u>\$ 1,786,739</u>	<u>\$ 1,130,500</u>

Enrollment fees receivable as of June 30, 2022 and 2021 include amounts withheld by the City School District for disputed rates of special education services provided by the Organization from 2008 through 2018 (Note 11).

3. Property and Equipment:

	2022	2021
Land	\$ 546,400	\$ 546,400
Building and improvements	13,921,738	13,875,958
Leasehold improvements	140,806	140,806
Instructional equipment	1,572,778	1,256,625
Office equipment	447,404	446,970
Construction in progress	361,766	-
	<u>16,990,892</u>	<u>16,266,759</u>
Less accumulated depreciation	4,734,402	4,012,065
	<u>\$ 12,256,490</u>	<u>\$ 12,254,694</u>

Construction in progress at June 30, 2022 represents a renovation project at EVCS Hertel. The project is expected to be completed in fiscal 2023 at a total cost of approximately \$955,000.

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, 2022 and 2021.

5. Long Term Debt:

	2022	2021
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.	\$ 5,627,452	\$ 5,842,828
Bank note payable, monthly installments of \$5,644 including interest at 3.152%, secured by Organization property and equipment, due through March 2026.	239,625	298,648
Equipment loans, varying monthly installments and interest rates, secured by related equipment, due through May 2027.	89,134	58,564
	<u>5,956,211</u>	<u>6,200,040</u>
Less unamortized debt issuance costs	30,677	39,043
	<u>5,925,534</u>	<u>6,160,997</u>
Less current portion	300,628	294,522
	<u>\$ 5,624,906</u>	<u>\$ 5,866,475</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, 2022 and 2021 was \$8,366 and \$32,417 respectively.

Aggregate maturities of net long-term debt balances at June 30, 2022 are:

2023	\$ 300,628
2024	308,754
2025	307,905
2026	4,997,533
2027	10,714
	<u>\$ 5,925,534</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.

6. Net Assets with Donor Restrictions:

Net assets with donor restrictions are available for use by the Organization to provide additional financial support for specific student purposes stipulated by the donor.

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 9.80% of the annual covered payroll for the year ended June 30, 2022, and 9.53% for the year ended June 30, 2021. The Organization's required contributions for the years ended June 30, 2022 and 2021 were \$588,800 and \$513,578.

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, 2022 and 2021 were \$43,102 and \$35,581.

8. Operating Lease:

The Organization leases property under the terms of a non-cancelable operating lease. Rental expense under this lease was \$303,824 and \$280,621 for the years ended June 30, 2022 and 2021. In 2012, the Organization entered into a non-cancellable sub lease for this property.

Future minimum annual rentals due are:

2023	\$ 289,200
2024	289,200
2025	289,200
2026	289,200
2027	24,100
	<u>\$ 1,180,900</u>

Future minimum annual rentals to be received under the sublease are:

2023	\$ 255,600
2024	257,400
2025	257,400
2026	257,400
2027	21,400
	<u>\$ 1,049,200</u>

9. Cash Flows Information:

The 2022 statement of cash flows excludes the effect of construction in progress included in accounts payable at June 30, 2022 totaling \$331,239. The 2022 statement of cash flows also excludes property and equipment additions acquired with term financing arrangements of \$63,487.

10. 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash available for operations	\$ 6,277,510	\$ 5,716,990
Receivables	1,786,739	1,130,500
	<u>\$ 8,064,249</u>	<u>\$ 6,847,490</u>

11. 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 School 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 School. To recover amounts withheld and pursuant to guidance, the School has submitted a State intercept to the New York State Education Department Commissioner and is following all administrative procedures to resolve the matter. Management believes the School will be successful in challenging the City School District's recoupment of funds through the State administrative procedure, and all amounts withheld per above have been recognized as enrollment fees receivable at June 30, 2022 and 2021 in the accompanying financial statements (Note 2).

12. Risks and Uncertainties due to COVID-19:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and all schools and resulted in a severe disruption of operations for many organizations.

In May 2020, the Organization received a loan of \$1,451,500 from the Small Business Administration (SBA) under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the pandemic. The Organization received SBA forgiveness on the loan in 2021 and the proceeds have been recognized as contributions revenue in the accompanying 2021 statement of activities.

The full extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, and its impact on schools, including its students and families, employees, and vendors, none of which can be predicted.

ELMWOOD VILLAGE CHARTER SCHOOLS

Additional Information
Combining Statement of Activities

For the year ended June 30, 2022
With comparative totals for June 30, 2021

	EVCS Days Park	EVCS Hertel	Total 2022	Total 2021
Net assets without donor restrictions:				
Support and revenue:				
Enrollment fees:				
Resident students	\$ 5,815,311	\$ 4,523,113	\$ 10,338,424	\$ 9,764,168
Resident students with disabilities	795,135	558,704	1,353,839	1,253,608
Contributions:				
Federal, state, and local awards	1,076,526	945,540	2,022,066	1,412,523
Paycheck Protection Program	-	-	-	1,451,500
Rental income	235,939	2,520	238,459	235,239
Interest income	2,239	2,239	4,478	11,874
Other income	17,565	14,165	31,730	4,980
Net assets released from restrictions	22,518	22,017	44,535	62,406
Total support and revenue	7,965,233	6,068,298	14,033,531	14,196,298
Expenses:				
Program expenses:				
Regular education	3,935,137	3,149,262	7,084,399	6,163,936
Special education	1,169,283	635,772	1,805,055	1,648,374
Other program	697,727	676,303	1,374,030	1,280,128
Supporting services:				
Management and general	1,456,780	1,448,062	2,904,842	2,522,743
Total expenses	7,258,927	5,909,399	13,168,326	11,615,181
Change in net assets without donor restrictions	706,306	158,899	865,205	2,581,117
Net assets with donor restrictions:				
Contributions	-	-	-	45,035
Net assets released from restrictions	(22,518)	(22,017)	(44,535)	(62,406)
Change in net assets with donor restrictions	(22,518)	(22,017)	(44,535)	(17,371)
Changes in net assets	683,788	136,882	820,670	2,563,746
Net assets - beginning	9,961,063	1,662,649	11,623,712	9,059,966
Net assets - ending	\$ 10,644,851	\$ 1,799,531	\$ 12,444,382	\$ 11,623,712

ELMWOOD VILLAGE CHARTER SCHOOLS

Additional Information
Combining Statement of Functional Expenses

For the year ended June 30, 2022
With comparative totals for June 30, 2021

	EVCS Days Park					
	Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	12.0	\$ -	\$ -	\$ -	\$ 679,160	\$ 679,160
Instructional personnel	68.5	2,266,054	726,869	-	-	2,992,923
Non-instructional personnel	8.3	-	-	420,312	-	420,312
Total salaries	88.8	\$ 2,266,054	\$ 726,869	\$ 420,312	\$ 679,160	\$ 4,092,395
Salaries		\$ 2,266,054	\$ 726,869	\$ 420,312	\$ 679,160	\$ 4,092,395
Employee benefits and taxes		615,323	182,909	127,148	263,119	1,188,499
Retirement		204,782	64,764	38,816	66,401	374,763
Professional fees		-	-	-	120,438	120,438
Other purchased and consulting services		25,422	83,342	-	-	108,764
Rent expense		43,168	-	20,468	88,276	151,912
Repairs and maintenance		65,471	20,135	12,924	24,334	122,864
Insurance		22,008	-	10,434	45,005	77,447
Utilities		39,871	12,789	7,395	11,950	72,005
Supplies and materials		119,472	-	-	-	119,472
Staff development		48,785	-	-	-	48,785
Marketing and recruitment		-	-	-	6,354	6,354
Technology		119,005	-	-	-	119,005
Student services		88,743	-	-	-	88,743
Office expense		11,593	2,790	2,986	8,524	25,893
Interest		29,453	329	13,669	58,441	101,892
Other expenses		1,060	-	-	14,369	15,429
		3,700,210	1,093,927	654,152	1,386,371	6,834,660
Depreciation		234,927	75,356	43,575	70,409	424,267
Total		\$ 3,935,137	\$ 1,169,283	\$ 697,727	\$ 1,456,780	\$ 7,258,927

EVCS Hertel

Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total	Total 2022	Total 2021
12.0	\$ -	\$ -	\$ -	\$ 682,283	\$ 682,283	\$ 1,361,443	\$ 1,207,313
54.5	1,790,805	407,027	-	-	2,197,832	5,190,755	4,584,264
9.3	-	-	411,876	-	411,876	832,188	821,739
75.8	\$ 1,790,805	\$ 407,027	\$ 411,876	\$ 682,283	\$ 3,291,991	\$ 7,384,386	\$ 6,613,316
	\$ 1,790,805	\$ 407,027	\$ 411,876	\$ 682,283	\$ 3,291,991	\$ 7,384,386	\$ 6,613,316
	436,835	89,177	111,329	240,444	877,785	2,066,284	1,774,914
	136,686	30,273	32,290	57,890	257,139	631,902	549,159
	-	-	-	120,438	120,438	240,876	279,963
	25,077	36,390	-	-	61,467	170,231	146,049
	43,168	-	20,468	88,276	151,912	303,824	280,621
	61,384	13,338	14,778	27,880	117,380	240,244	185,036
	22,008	-	10,434	45,005	77,447	154,894	144,147
	52,130	11,849	11,990	19,861	95,830	167,835	132,762
	86,949	-	-	-	86,949	206,421	105,016
	52,706	-	-	-	52,706	101,491	46,271
	-	-	-	7,250	7,250	13,604	5,050
	101,372	-	-	-	101,372	220,377	172,951
	98,875	-	-	-	98,875	187,618	136,352
	13,823	2,484	3,886	10,080	30,273	56,166	57,772
	29,727	295	13,778	58,629	102,429	204,321	271,172
	-	-	-	14,698	14,698	30,127	25,795
	2,951,545	590,833	630,829	1,372,734	5,545,941	12,380,601	10,926,346
	197,717	44,939	45,474	75,328	363,458	787,725	688,835
	\$ 3,149,262	\$ 635,772	\$ 676,303	\$ 1,448,062	\$ 5,909,399	\$ 13,168,326	\$ 11,615,181

ELMWOOD VILLAGE CHARTER SCHOOLS

Additional Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

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	0021-22-4340/0021-22-5325	\$ 281,542
English Language Acquisition State Grants	84.365	0293-22-4340	22,641
Supporting Effective Instruction State Grants	84.367	0147-22-4340/0147-22-5325	40,529
Student Support and Academic Enrichment Program	84.424	0204-22-4340/0204-22-5325	19,991
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-4340/5890-21-5325	5,377 ¹
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-4340/5890-21-5325	702,323 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-4340/5880-21-5325	<u>662,758</u> ¹
Total U.S. Department of Education			<u>1,735,161</u>
<u>Federal Communications Commission</u>			
Emergency Connectivity Fund Program	32.009	n/a	<u>169,190</u>
Total Expenditures of Federal Awards			<u>\$ 1,904,351</u>

¹ Total Education Stabilization Fund - \$1,370,458

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, 2022, 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 27, 2022.

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.

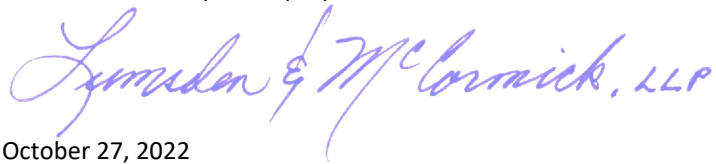
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 27, 2022

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, 2022. 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, 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 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 27, 2022

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

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	\$ 1,370,458

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

Auditee qualified as low-risk auditee? No

Section II. Financial Statement Findings

No findings were reported.

Section III. Federal Award Findings and Questioned Costs

No findings were reported.