

**LEGACY COLLEGE PREPARATORY 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  
Legacy College Preparatory Charter School

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of Legacy College Preparatory 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 Legacy College Preparatory Charter School 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 5, 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 Report Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022 on our consideration of Legacy College Preparatory Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Legacy College Preparatory Charter School's internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 20, 2022

LEGACY COLLEGE PREPARATORY 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	\$ 1,890,208	\$ 2,035,470
Grants and contracts receivables	2,054,563	522,887
Accounts receivable	26,713	-
Prepaid expenses	<u>456,928</u>	<u>475,766</u>
TOTAL CURRENT ASSETS	4,428,412	3,034,123
<u>PROPERTY AND EQUIPMENT, net</u>	970,086	591,803
<u>OTHER ASSETS</u>		
Security deposits	1,014,730	1,014,730
Cash in escrow	<u>75,085</u>	<u>75,067</u>
	<u>1,089,815</u>	<u>1,089,797</u>
TOTAL ASSETS	<u>\$ 6,488,313</u>	<u>\$ 4,715,723</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 465,060	\$ 259,630
Accrued payroll and benefits	<u>581,135</u>	<u>278,786</u>
TOTAL CURRENT LIABILITIES	1,046,195	538,416
<u>OTHER LIABILITIES</u>		
Deferred rent payable	<u>-</u>	<u>350,000</u>
TOTAL LIABILITIES	1,046,195	888,416
<u>NET ASSETS, without donor restrictions</u>	<u>5,442,118</u>	<u>3,827,307</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,488,313</u>	<u>\$ 4,715,723</u>

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

LEGACY COLLEGE PREPARATORY 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	\$ 10,415,315	\$ 8,086,444
Students with disabilities	1,325,727	922,813
Grants and contracts:		
State and local	39,501	32,348
Federal - Title and IDEA	567,005	424,396
Federal - other	2,011,997	240,582
Food Service/Child Nutrition Program	480,363	84,561
NYC DOE Rental Assistance	<u>3,119,800</u>	<u>2,370,081</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	17,959,708	12,161,225
Expenses:		
Program services:		
Regular education	11,788,983	8,009,573
Special education	<u>3,005,164</u>	<u>1,996,156</u>
Total program services	14,794,147	10,005,729
Management and general	<u>1,697,843</u>	<u>1,025,191</u>
TOTAL OPERATING EXPENSES	<u>16,491,990</u>	<u>11,030,920</u>
SURPLUS FROM SCHOOL OPERATIONS	1,467,718	1,130,305
Support and other revenue:		
Contributions		
Individuals	50,000	87,732
Corporations	100	3,270
Interest income	18	22
Miscellaneous income	96,975	36,789
Paycheck Protection Program note payable forgiveness	<u>-</u>	<u>729,057</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>147,093</u>	<u>856,870</u>
CHANGE IN NET ASSETS	1,614,811	1,987,175
Net assets at beginning of year	<u>3,827,307</u>	<u>1,840,132</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,442,118</u>	<u>\$ 3,827,307</u>

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

LEGACY COLLEGE PREPARATORY 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	Program Services			Supporting Services	Total	Total
		Regular Education	Special Education	Sub-total	Management and General		
Personnel services costs:							
Administrative staff personnel	24	\$ 1,512,273	\$ 385,498	\$ 1,897,771	\$ 334,900	\$ 2,232,671	\$ 1,392,505
Instructional personnel	67	4,544,483	1,158,448	5,702,931	48,736	5,751,667	3,789,114
Total salaries and staff	91	6,056,756	1,543,946	7,600,702	383,636	7,984,338	5,181,619
Fringe benefits and payroll taxes		1,281,901	326,773	1,608,674	81,197	1,689,871	996,672
Retirement		13,873	3,536	17,409	877	18,286	31,110
Legal services		-	-	-	14,424	14,424	3,557
Accounting/Audit services		-	-	-	32,450	32,450	33,000
Other Purchased/Professional/ Consulting Services		250,493	63,854	314,347	577,710	892,057	342,836
Building rent		2,378,898	606,412	2,985,310	-	2,985,310	2,720,081
Repairs and maintenance		24,407	6,222	30,629	-	30,629	49,783
Insurance		43,595	11,113	54,708	9,654	64,362	85,991
Supplies/Materials		548,192	139,741	687,933	-	687,933	229,417
Equipment/Furnishings		101,171	25,790	126,961		126,961	123,187
Staff development		81,991	20,901	102,892		102,892	124,696
Marketing/Recruitment/Retention		93,077	23,726	116,803	188,747	305,550	71,262
Technology		10,401	2,651	13,052		13,052	375,662
Food service		487,213	124,197	611,410	-	611,410	98,606
Student services		131,914	33,626	165,540	-	165,540	178,004
Office expense		29,257	7,458	36,715	334,315	371,030	132,142
Depreciation and amortization		255,844	65,218	321,062	-	321,062	241,021
Other		-	-	-	74,833	74,833	12,274
		<u>\$ 11,788,983</u>	<u>\$ 3,005,164</u>	<u>\$ 14,794,147</u>	<u>\$ 1,697,843</u>	<u>\$ 16,491,990</u>	<u>\$ 11,030,920</u>

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

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

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

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,614,811	\$ 1,987,175
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	321,062	241,021
Forgiveness of Paycheck Protection Program note payable	-	(729,057)
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivables	(1,531,676)	(377,363)
Accounts receivable	(26,713)	74,286
Prepaid expenses	18,838	(356,806)
Accounts payable and accrued expenses	205,430	76,347
Accrued payroll and benefits	302,349	11,028
Deferred rent	(350,000)	350,000
NET CASH PROVIDED FROM OPERATING ACTIVITIES	554,101	1,276,631
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(699,345)	(289,850)
NET CASH USED FOR INVESTING ACTIVITIES	(699,345)	(289,850)
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(145,244)	986,781
Cash and restricted cash at beginning of year	2,110,537	1,123,756
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,965,293</u>	<u>\$ 2,110,537</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 1,890,208	\$ 2,035,470
Cash in escrow	75,085	75,067
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 1,965,293</u>	<u>\$ 2,110,537</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable	\$ -	\$ 46,746

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



# LEGACY COLLEGE PREPARATORY 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

Legacy College Preparatory Charter School (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School provides a full range of educational services appropriate for grades six through twelve. On October 11, 2016, the Board of Trustees of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years through July 2022 beginning when instruction began. The School requested a five-year renewal in August 2021 which was granted and is now renewed through July 31, 2027.

#### Classification of net assets

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

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

#### *Net Assets Without Donor Restrictions*

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

#### *Net Assets With Donor Restrictions*

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2022 or 2021.

#### 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.

LEGACY COLLEGE PREPARATORY 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

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
Accounts receivable	\$ 26,713	\$ -	\$ 74,286

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.

LEGACY COLLEGE PREPARATORY 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 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 related 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 were no amounts reported as deferred revenue 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 in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$75,085 and \$75,067 at June 30, 2022 and 2021, respectively. 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.

Grants and contracts receivables

Grants and contracts 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.

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 five years. Leasehold improvements are being amortized over the term of the lease.

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

LEGACY COLLEGE PREPARATORY 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

Contributed Services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. The Charter School was unable to determine a value for these services which would not be significant to the financial statements.

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 periods ended June 30, 2019 through the year ended 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, recruitment and retention costs approximated \$305,550 and \$71,300 for the years ended June 30, 2022 and 2021, respectively.

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.

Comparatives for year ended June 30, 2021

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform with the present year presentation.

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-kind 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.

LEGACY COLLEGE PREPARATORY 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

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 20, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted, except as disclosed in Note D.

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.

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	\$ 1,890,208	\$ 2,035,470
Accounts receivable	26,713	-
Grants and contracts receivables	2,054,563	522,887
Total financial assets available to management for general expenditures within one year	<u>\$ 3,971,484</u>	<u>\$ 2,558,357</u>

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consisted of the following:

	June 30,	
	2022	2021
Leasehold improvements	\$ 87,301	\$ 87,301
Furniture and fixtures	589,053	511,779
Computer equipment	944,756	357,373
Machinery and equipment	251,543	216,855
	1,872,653	1,173,308
Less accumulated depreciation	902,567	581,505
	<u>\$ 970,086</u>	<u>\$ 591,803</u>

NOTE D: SCHOOL FACILITIES

The Charter School leased its facilities from a third party through June 30, 2020. During 2018, the lease was amended to include utilities and use of the second floor of the facility. Under the amended lease, annual base rent was increased to \$931,224 through July 31, 2019. For the period from August 1, 2019 through July 31, 2020, annual base rent increased to \$1,627,224. During June 2020, effective July 1, 2020, the Charter School entered into an assignment agreement with the third party whereby the lease agreement was assigned to Friends of Legacy, a separate but related entity. The Charter School then entered into a sublease agreement with Friends of Legacy to rent the facility for two years at \$1,338,083 per year. In July 2022, this lease was amended to extend the lease with monthly escalating lease payments of approximately \$137,000 through June 2032. The Charter School has also provided a guarantee to the Overlandlord related to the payment of lease payments from Friends of Legacy to the Overlandlord. Rent expense incurred under this lease for the years ended June 30, 2022 and 2021 was approximately \$1,603,000 and \$1,338,000, respectively.

In June 2020, the Charter School executed a sublease agreement with Friends of Legacy for an additional facility, 332 E. 149<sup>th</sup> Street, commencing July 2020. The sublease agreement calls for annual base rent of \$1,031,998 through June 30, 2021, increasing to \$1,731,998 through June 30, 2022. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid was credited or charged to Deferred rent payable in the accompanying statement of financial position at June 30, 2021. In July 2022, this lease was amended to extend the lease with monthly payments of \$180,000 through August 2022. The Charter School has also provided a guarantee to the Overlandlord related to the payment of lease payments from Friends of Legacy to the Overlandlord.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE D: SCHOOL FACILITIES, Cont'd

Effective June 28, 2022, the original lease between the Charter School and a third party for an additional facility, 808-810 Cauldwell Avenue, was assigned to Friends of Legacy, Inc. The Charter School entered into a thirty year sublease with Friends of Legacy, Inc. for these facilities commencing in September 2022 and expiring in September 2052. The Charter School's base rent will be \$180,000 per month through June 30, 2023. The lease has escalating payments throughout the term. There was no rent expense for this location for the years ended June 30, 2022 and 2021.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2023	3,805,000
2024	3,899,000
2025	4,005,000
2026	4,114,000
2027	4,226,000
Thereafter	93,996,000
	<u>\$ 114,045,000</u>

In conjunction with these facility leases, the Charter School paid security deposits of \$1,014,730 which is included in security deposits on the accompanying statement of financial position at both June 30, 2022 and 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

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE F: CONCENTRATIONS

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

During the years ended June 30, 2022 and 2021 total revenue, gains and other support came from the following sources:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
New York City per-pupil	65%	77%
New York City DOE rental assistance	17%	19%
Federal	17%	*

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 403(b) retirement plan (the "Plan") for its employees. All employees who work more than 20 hours per week are immediately eligible to participate in the Plan. Employees can make pretax contributions up to a maximum of 100% of their annual compensation to the Plan, subject to IRS restrictions. The Charter School matches the employee contribution up to 3% of the employee's annual compensation. The Charter School contributed approximately \$18,000 and \$31,000 to the Plan for the years ended June 30, 2022 and 2021, respectively

NOTE H: OPERATING LEASE

The Charter School entered into non-cancelable lease agreements for office equipment expiring at various dates through June 2024. The future minimum payments on these agreements are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 22,100
2024	<u>15,100</u>
	<u>\$ 37,200</u>



LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE I: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	2022	2021
Undesignated	\$ 4,472,032	\$ 3,235,504
Invested in property and equipment	970,086	591,803
	<u>\$ 5,442,118</u>	<u>\$ 3,827,307</u>

NOTE J: 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 K: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 outbreak, the Charter School applied for and was approved by a bank for a loan of \$729,057 through the Paycheck Protection Program established by the Small Business Administration. The loan had a maturity of 2 years and an interest rate of 1%. The loan had the potential for forgiveness provided certain requirements are met by the Charter School. On May 28, 2021, the Small Business Administration approved the forgiveness of the loan and all accrued interest, which is reported in support and other revenue on the accompanying statement of activities as of June 30, 2021.

NOTE L: 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 coronavirus (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 \$1,958,297 and \$190,632 of revenue relative to ESSER grants during the years ended June 30, 2022 and 2021, respectively. The Charter School has \$2,154,869 of ESSER grants still available through September 30, 2024 as of June 30, 2022.

**LEGACY COLLEGE PREPARATORY**  
**CHARTER SCHOOL**

**REPORT TO THE FINANCE COMMITTEE**

**JUNE 30, 2022**



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants



October 20, 2022

Finance Committee  
Legacy College Preparatory Charter School

We have audited the financial statements of Legacy College Preparatory Charter School as of and for the year ended June 30, 2022, and have issued our report thereon dated October 20, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 10, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Legacy College Preparatory Charter School solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to management.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced finance committee, outsourced financial team and CFO who reviews draft financial statements prior to issuance and accepts responsibility for them.

## **Significant Risks Identified**

The significant risks below were identified during the performance of our risk assessment procedures:

- The potential for management override of controls.
- The potential for improper revenue recognition.
- The potential for expenses to be improperly tagged to grants in order to increase funding received.
- The potential for misappropriation of assets through unauthorized or inappropriate credit card purchases.

We are required to report to those charged with governance significant potential risks identified which impacted our audit approach.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Legacy College Preparatory Charter School is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allocations of costs for the statement of functional expenses and the collectability of grants receivable. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Legacy College Preparatory Charter School's financial statements relate to revenue and support recognition, which is referred to in the notes of the financial statements.

## **Identification or Suspected Fraud**

We have not identified nor have obtained information that indicates that fraud may have occurred.

### **Significant Difficulties Encountered during the Audit**

We are pleased to report we encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Legacy College Preparatory Charter School's financial statements or the auditor's report. We are pleased to report no such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with Legacy College Preparatory Charter School, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Legacy College Preparatory Charter School's auditors.

\* \* \* \* \*

Should you desire further information concerning these matters, Ray Jacobi will be happy to meet with you at your convenience.

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

Very truly yours,

*Mengel, Metzger, Barr & Co. LLP*

MENGEL, METZGER, BARR & CO. LLP

**LEGACY COLLEGE PREPARATORY 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  
Legacy College Preparatory 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 Legacy College Preparatory 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 20, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Legacy College Preparatory 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 Legacy College Preparatory Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Legacy College Preparatory 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 Legacy College Preparatory 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*.

### **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 20, 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  
Legacy College Preparatory Charter School

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Legacy College Preparatory 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 Legacy College Preparatory Charter School's major federal programs for the year ended June 30, 2022. Legacy College Preparatory 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, Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory 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 Legacy College Preparatory Charter School as of and for the year ended June 30, 2022, and have issued our report thereon dated October 20, 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 20, 2022

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

	Federal AL Number	Pass-through Grantor's Number	Total Federal Expenditures
U.S. Department of Education:			
<u>Passed through New York State Education Department:</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 384,555
Title IIA - Supporting Effective Instruction State Grant	84.367	0147	
Title IV- Student Support and Academic Enrichment Program	84.424	0204	51,149
<u>Education Stabilization Funds</u>			21,843
ESSER II - Elementary and Secondary School Emergency Relief Fund	84.425D	5891	1,157,201
ARP ESSER - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	5880	798,371
ESSER HCY - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth	84.425U	5880	2,725
<i>Total Education Stabilization Funds</i>			1,958,297
TOTAL U.S. DEPARTMENT OF EDUCATION			2,415,844
U.S. Department of Agriculture:			
<u>Passed through New York State Education Department:</u>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	320700861114	42,327
National School Lunch Program	10.555	320700861114	406,558
Summer Food Service Program for Children	10.559	320700861114	7,981
Supply Chain Assistance - COVID	10.555	320700861114	17,029
<i>Total Child Nutrition Cluster</i>			473,895
TOTAL U.S. DEPARTMENT OF AGRICULTURE			473,895
Federal Communications Commission:			
<u>Passed through the Universal Service Administrative Company</u>			
Emergency Connectivity Fund Program-COVID	32.009	221604	53,700
TOTAL FEDERAL COMMUNICATIONS COMMISSION			53,700
TOTAL ALL PROGRAMS			\$ 2,943,439

LEGACY COLLEGE PREPARATORY 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 Legacy College Preparatory 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.

Legacy College Preparatory Charter School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

SUMMARY OF AUDITOR'S RESULTS

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified?            yes     x     no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            yes     x     none reported

Noncompliance material to financial statements noted?            yes     x     no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified?            yes     x     no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            yes     x     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 & 84.425W

*Name of Federal Program or Cluster:*

ESSER I & ARP ESSER & ESSER HCY

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

Auditee qualified as low-risk auditee?            yes     x     no



LEGACY COLLEGE PREPARATORY 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