

ROCHESTER ACADEMY OF  
SCIENCE CHARTER SCHOOL

Financial Statements and  
Supplementary Information

June 30, 2023

(With Independent Auditors' Report Thereon)

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Rochester Academy of Science Charter School  
Rochester, New York:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the Rochester Academy of Science Charter School (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rochester Academy of Science Charter School as of June 30, 2023, 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 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 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 the School's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 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 generally accepted auditing standards 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 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 the 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.

## Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2023 on our consideration of the 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 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 School'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 School's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 30, 2023

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Statement of Financial Position  
June 30, 2023

<u>Assets</u>	
Current assets:	
Cash and equivalents - unrestricted	\$ 650,023
Grants and other receivables	60,906
Prepaid expenses	<u>5,181</u>
Total current assets	<u>716,110</u>
Property and equipment, at cost	5,897,827
Less accumulated depreciation and amortization	<u>(135,381)</u>
Net property and equipment	<u>5,762,446</u>
Other assets - cash and equivalents - board designated	<u>25,078</u>
Total assets	<u><u>\$ 6,503,634</u></u>
 <u>Liabilities and Net Assets</u> 	
Current liabilities:	
Accounts payable	78,703
Accrued payroll and benefits	153,643
Due to related entity	574,919
Current installments of lease liabilities	<u>306,588</u>
Total current liabilities	1,113,853
Long-term liability - lease liabilities, net of current installments	<u>5,077,285</u>
Total liabilities	<u>6,191,138</u>
Net assets without donor restrictions:	
General operating	287,418
Board designated	<u>25,078</u>
Total net assets without donor restrictions	<u>312,496</u>
Total liabilities and net assets	<u><u>\$ 6,503,634</u></u>

See accompanying notes to financial statements.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Statement of Activities  
Year ended June 30, 2023

Revenue:	
Public school districts:	
Resident student enrollment	\$ 1,049,675
Students with disabilities	30,021
Grants and contracts:	
Federal grants	1,099,030
State and local grants	390,000
Other income	<u>26,614</u>
Total revenue	<u>2,595,340</u>
Expenses:	
Program services:	
Regular education	1,569,638
Special education	114,822
Other programs	<u>69,458</u>
Total program services	1,753,918
Supporting services - management and general	<u>420,010</u>
Total expenses	<u>2,173,928</u>
Change in net assets	421,412
Net assets (deficit) at beginning of year	<u>(108,916)</u>
Net assets at end of year	<u><u>\$ 312,496</u></u>

See accompanying notes to financial statements.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Statement of Functional Expenses  
Year ended June 30, 2023

	No. of positions	Program Services				Supporting Services	Total
		Regular education	Special education	Other programs	Total	Management and general	
Personnel services costs:							
Instructional personnel	12	\$ 560,956	53,352	-	614,308	-	614,308
Non-instructional personnel	<u>3</u>	<u>-</u>	<u>-</u>	<u>16,380</u>	<u>16,380</u>	<u>220,218</u>	<u>236,598</u>
Total salaries and staff	<u>15</u>	560,956	53,352	16,380	630,688	220,218	850,906
Fringe benefits and payroll taxes		78,366	7,454	2,294	88,114	30,766	118,880
Retirement		36,967	3,516	1,082	41,565	14,513	56,078
Professional fees		-	-	-	-	52,822	52,822
Repairs and maintenance		93,561	5,848	5,848	105,257	11,694	116,951
Insurance		27,808	1,738	1,738	31,284	3,476	34,760
Utilities		18,906	1,182	1,182	21,270	2,362	23,632
Supplies and materials		91,661	-	-	91,661	-	91,661
Staff development		5,222	326	326	5,874	652	6,526
Advertising		22,124	1,383	1,383	24,890	2,765	27,655
Telephone and internet		12,578	786	786	14,150	1,572	15,722
Technology		31,318	1,957	1,957	35,232	3,916	39,148
Student services		12,114	1,152	354	13,620	-	13,620
Office expense		43,334	2,708	2,708	48,750	5,417	54,167
Meetings, conference and travel		10,607	663	663	11,933	1,326	13,259
Depreciation and amortization		108,305	6,769	6,769	121,843	13,538	135,381
Shared services		197,058	12,316	12,316	221,690	24,632	246,322
Interest		202,452	12,653	12,653	227,758	25,307	253,065
Other expenses		<u>16,301</u>	<u>1,019</u>	<u>1,019</u>	<u>18,339</u>	<u>5,034</u>	<u>23,373</u>
Total expenses		<u>\$ 1,569,638</u>	<u>114,822</u>	<u>69,458</u>	<u>1,753,918</u>	<u>420,010</u>	<u>2,173,928</u>

See accompanying notes to financial statements.



ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Statement of Cash Flows  
Year ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ 421,412
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	135,381
Changes in:	
Grants and other receivables	112,006
Prepaid expenses	(5,181)
Accounts payable	19,918
Accrued payable and benefits	153,643
Due to related party	<u>573,144</u>
Net cash provided by operating activities	<u>1,410,323</u>
Cash flows from investing activities - purchases of property and equipment	<u>(508,710)</u>
Cash flows from financing activities:	
Increase in lease liability	56,572
Payments on line of credit	<u>(290,000)</u>
Net cash used in financing activities	<u>(233,428)</u>
Net change in cash and equivalents	668,185
Cash and equivalents at beginning of year	<u>6,916</u>
Cash and equivalents at end of year	<u><u>\$ 675,101</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for amounts included in measurement of lease liabilities - finance lease interest payments	<u>\$ 196,493</u>
Lease assets obtained in exchange for lease liabilities - finance lease	<u>\$ 5,327,301</u>
Classifications of cash and equivalents:	
Unrestricted	650,023
Board designated	<u>25,078</u>
	<u><u>\$ 675,101</u></u>

See accompanying notes to financial statements.

# ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL

## Notes to Financial Statements

June 30, 2023

### (1) Organization and Purpose

Rochester Academy of Science Charter School (the School) is a not-for-profit education corporation that operates kindergarten through 12<sup>th</sup> grades and is dedicated to providing quality education to a diverse body of students in the Rochester region of New York State. The School continually provides a rigorous, innovative and enhanced curriculum - highlighting science, technology, engineering and math (STEM) - in order to prepare students for successful futures in the global environment.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

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

#### (b) Basis of Presentation

The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the School's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the School. At June 30, 2023, the School only had net assets without donor restrictions.

#### (c) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### (d) Cash and Equivalents

For purposes of the statement of cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and equivalents.

#### (e) Concentration of Credit Risk

Financial instruments that potentially subject the School to concentration of credit risk consist principally of cash accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities. Capitalization thresholds and estimated useful lives of property and equipment are as follows:

	<u>Cost</u>	<u>Years</u>
Leasehold improvements	\$5,000	10 - 20
Furniture and fixtures	2,000	3 - 5
Equipment	2,000	3 - 5

Furniture, fixtures and equipment purchased as a bundle greater than \$20,000 will also be capitalized and depreciated using the straight-line method over their estimated useful lives.

(g) Public School District Revenue

The School receives per pupil aid passed through from each student’s home public school district. The New York State Department of Education mandates the rate per pupil. The regular education per pupil rate from Rochester City School District, the district from which the School receives its largest pass through of district revenue, was \$14,216 for the year ended June 30, 2023.

(h) Revenue Recognition

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the School expects to be entitled in exchange for these goods or services. The School utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the School are as follows:

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Revenue Recognition, Continued

Tuition and Fees

Tuition and fees revenue from public school districts are recognized over the period that services are provided.

Tuition and fees are generally nonrefundable, billed monthly and payment is typically due within 30 days of invoice. Amounts billed or received in advance are deferred and recognized when earned.

Tuition and fees receivables and timing of revenue recognition are as follows:

	<u>Accounts Receivable</u>	<u>Revenue Recognized</u>
2023	\$ <u>9,296</u>	<u>1,079,696</u>

Grants and Contacts

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred revenue.

(i) Advertising and Recruitment

The School uses advertising to promote recruitment and its program activities. These costs are expensed as incurred and amounted to \$27,655 for the year ended June 30, 2023.

(j) Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The School presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the School has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the School are subject to examination by taxing authorities.

(k) Subsequent Events

The School has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Notes to Financial Statements, Continued

(3) Liquidity

The School has \$710,929 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$650,023 of cash and equivalents and \$60,906 of grants and other receivable. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2023 statement of financial position date. As more fully described in note 6, the School has an escrow account with a balance of \$25,078.

(4) Grants and Other Receivables

Grants and other receivables at June 30, 2023 are as follows:

School district tuition	\$	9,296
U.S. Department of Education		50,444
Other receivables		<u>1,166</u>
	\$	<u>60,906</u>

(5) Property and Equipment

Property and equipment at June 30, 2023 are as follows:

Leasehold improvements	\$	46,686
Furniture and fixtures		211,409
Equipment		312,431
Right-of-use assets		<u>5,327,301</u>
		5,897,827
Less accumulated depreciation and amortization		<u>(135,381)</u>
Net property and equipment	\$	<u>5,762,446</u>

During the year ended June 30, 2023, in connection with the Buffalo Academy of Science Charter School, the School transferred all assets related to their building and land to BRASS Foundation, Inc. Subsequently, these assets were leases back to the School under a finance lease arrangement. See note 8 to these financial statements for additional details on the lease arrangement.

(6) Escrow Accounts

As set forth in its charter, the School established an escrow account to be used upon school closure. The balance in the escrow account was \$25,078 at June 30, 2023.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Notes to Financial Statements, Continued

(7) Related Entity Receivables and Payables

The School typically loans resources between related entities for purposes of providing cash flows. These transactions are typically repaid within one year and are non-interest bearing. Amounts due to related entities at June 30, 2023 are as follows:

Buffalo Academy of Science Charter School	\$ 159,919
Buffalo/Rochester Academy of Science Schools Foundation	<u>415,000</u>
	\$ <u>574,919</u>

(8) Right-of-Use Assets - Lease Liabilities

The School leases its school building under a financing lease and has elected the practical expedient not to separate lease and non lease components for all lease transactions. The lease provides for monthly payments of \$20,524 through September 30, 2023 and \$27,224 through September 30, 2027, with further increases thereafter. The lease assets and liabilities were calculated using the School's risk-free discount rate of 6.0%. Additional information about the School's lease arrangement are as follows:

Finance lease:

Interest expense:

Program services	\$ 227,758
Management and general	<u>25,307</u>
	<u>253,065</u>

Amortization expense:

Program services	75,471
Management and general	<u>8,385</u>
	<u>83,856</u>

Total lease expense	\$ <u>336,921</u>
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Weighted average:

Remaining lease term	567 months
Discount rate	6.0%

Lease liabilities:

Finance lease:

Current installments	\$ 306,588
Noncurrent installments	<u>5,077,285</u>

Total lease liabilities	\$ <u>5,383,873</u>
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ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
Notes to Financial Statements, Continued

(8) Right-of-Use Assets - Lease Liabilities, Continued

The maturity of the lease payments under ASC 842 for the five years following June 30, 2023 and thereafter is as follows:

2024	\$	306,588
2025		326,688
2026		326,688
2027		326,688
2028		327,912
Thereafter		<u>15,459,150</u>
		17,073,714
Less unamortized discount		<u>(11,689,841)</u>
Total lease liabilities		<u>\$ 5,383,873</u>

The finance lease arrangement between the School and BRASS Foundation requires payments over the lease term that escalate from \$20,524 per month in 2023 to \$33,736 in 2070. The lower monthly payments at the beginning of the lease have resulted in the lease accruing interest in excess of the monthly payment. Accordingly, unpaid accrued interest in the amount of \$56,572 has been added to the lease liability at June 30, 2023.

(9) Pension Expense

The School participates in the New York State Teachers' Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teacher's Retirement Board. The System provides retirement, disability, withdrawal and death 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.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after that date and before January 1, 2010, who have less than ten years of service or membership are required to contribute 3% of their annual salary. 3.5% of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute 3% and 6%, dependent upon their salary for their entire working career.

Employers are required to contribute at an actuarially determined rate. Rates applicable to the fiscal year ended June 30, 2023 was 10.29%. The total retirement contribution expense amounted to \$56,078 for the year ended June 30, 2023.

(10) Concentration of Credit Risk

The School receives a substantial portion of its funding from school districts where students reside. One school district comprised approximately 41% of total revenue and support for the year ended June 30, 2023.

## ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL

### Notes to Financial Statements, Continued

#### (11) Contingency

The School has received grants which are subject to audit by agencies of the State and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior experience, the School's administration believes that disallowances, if any, will be immaterial.

The School is involved in various litigation arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such litigation would not be material to the School's financial position.

#### (12) Functional Expenses

The School is dedicated to providing quality education to a diverse body of students in the Rochester region of New York State. The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated include utilities, repairs and maintenance, insurance and depreciation. Other expenses such as salaries and wages, benefits, payroll taxes, other purchased services, student services, supplies, office expenses and other expenses, which are allocated on the basis of estimates of time and effort for each category.

#### (13) Change in Accounting Principle

In 2023, the School adopted ASC 842 Leases. ASC 842 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The School elected to apply this standard on a modified retrospective transition approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Entities have the option to continue to apply historical accounting under Topic 840, including its disclosure requirements, in comparative periods presented in the year of adoption.



ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Education:				
Passed-through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021-23-5775	\$ 68,296	-
Charter Schools Program	84.282	0089-22-1057	225,866	-
Charter Schools Program	84.282	0089-23-1057	797,612	-
Total Charter Schools Program			<u>1,023,478</u>	-
Supporting Effective Instruction State Grants	84.367	0147-23-5775	7,256	-
Total U.S. Department of Education			<u>\$ 1,099,030</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs administered by the Rochester Academy of Science Charter School (the School). Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the schedule of expenditures of federal awards.

(2) Basis of Accounting

The information 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) Indirect Costs

The School has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**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  
Rochester Academy of Science Charter School  
Rochester, New York:

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 Rochester Academy of Science Charter School (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control Over Financial Reporting

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 30, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Trustees  
Rochester Academy of Science Charter School  
Rochester, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rochester Academy of Science Charter School's (the School) 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 the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; 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 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 the major federal program. Our audit does not provide a legal determination of the 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 the School'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 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 the School's compliance with the requirements of the 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 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 the 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 the 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 30, 2023

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- 2. Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None reported
- 3. Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

Federal Awards:

Internal control over major programs:

- 4. Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- 5. Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None reported

Type of auditors' report issued on compliance for the major program: Unmodified

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance): \_\_\_\_\_ Yes   X   No

7. The School's major program audited was:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
Charter School Program	84.282

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

- 9. Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.



ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL

Status of Prior Year Audit Findings

Year ended June 30, 2023

No audit was required with regard to the prior year financial statements (June 30, 2022).

## REPORT TO THE TRUSTEES

October 30, 2023

The Board of Trustees  
Rochester Academy of Science Charter School

Dear Trustees:

We have audited the financial statements of Rochester Academy of Science Charter School (the School) for the year ended June 30, 2023, and have issued our report thereon dated October 30, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in note 2 to the financial statements. For the year ended June 30, 2023, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, "Leases" (Topic 842). We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected.

For the year ended June 30, 2023, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

### Sensitive Disclosures

The financial statement disclosures are neutral, consistent and clear.

### Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit. Management and accounting personnel were very helpful in assisting us during our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

### Disagreements with Management

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to appointment as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our appointment.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplemental information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \* \* \*

This information is intended solely for the use of the Board of Trustees and management of Rochester Academy of Science Charter School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC