

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Children's Aid College Prep Charter School**

June 30, 2023 and 2022

## Contents

## Page

Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	8
Statements of cash flows	10
Notes to financial statements	11
Report Required by <i>Government Auditing Standards</i>	
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of  
Children's Aid College Prep Charter School

**Report on the financial statements****Opinion**

We have audited the financial statements of Children's Aid College Prep Charter School (the "Charter School"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charter School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). 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 the Charter School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Charter School's ability to continue as a going concern for one year after the date the financial statements are 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 US 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 US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

### **Other reporting required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023, on our consideration of the 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 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 Charter 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 Charter School's internal control over financial reporting and compliance.

*Grant Thornton LLP*

New York, New York  
November 1, 2023



**Children's Aid College Prep Charter School**

**STATEMENTS OF FINANCIAL POSITION**

**As of June 30,**

	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,740,916	\$ 4,844,736
Government grants receivables	2,464,821	1,414,666
Right-of-use assets	34,248	-
Prepaid expenses and other assets	<u>91,073</u>	<u>117,195</u>
Total current assets	4,331,058	6,376,597
Property and equipment, net	<u>140,361</u>	<u>162,942</u>
Total assets	<u><u>\$ 4,471,419</u></u>	<u><u>\$ 6,539,539</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 331,774	\$ 196,515
Accrued payroll and benefits	1,303,459	1,460,883
Deferred revenue	201,600	283,575
Right-of-use liabilities	34,248	-
Due to affiliated entities	<u>778,345</u>	<u>827,577</u>
Total current liabilities	<u>2,649,426</u>	<u>2,768,550</u>
Commitments and contingencies		
<b>Net assets</b>		
Without donor restrictions	1,321,993	3,720,989
With donor restrictions	<u>500,000</u>	<u>50,000</u>
Total net assets	<u>1,821,993</u>	<u>3,770,989</u>
Total liabilities and net assets	<u><u>\$ 4,471,419</u></u>	<u><u>\$ 6,539,539</u></u>

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

**Children's Aid College Prep Charter School**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating revenue and support</b>			
Public school district			
Resident student enrollment	\$ 9,923,454	\$ -	\$ 9,923,454
Students with disabilities	1,664,494	-	1,664,494
Grants and contracts			
State and local	1,803,026	-	1,803,026
Federal - Title 1 and IDEA	517,565	-	517,565
Support			
Contributed space	423,695	-	423,695
Rental assistance	1,178,894	-	1,178,894
Net assets released from restrictions	50,000	(50,000)	-
Other	37,995	-	37,995
Total operating revenue and support	<u>15,599,123</u>	<u>(50,000)</u>	<u>15,549,123</u>
<b>Operating expenses</b>			
Program services			
Regular education	15,843,028	-	15,843,028
Special education	1,908,776	-	1,908,776
Total program expenses	<u>17,751,804</u>	<u>-</u>	<u>17,751,804</u>
Supporting services			
Management and general	1,227,481	-	1,227,481
Fundraising	1,323	-	1,323
Total supporting expenses	<u>1,228,804</u>	<u>-</u>	<u>1,228,804</u>
Total operating expenses	<u>18,980,608</u>	<u>-</u>	<u>18,980,608</u>
Deficit from school programs	<u>(3,381,485)</u>	<u>(50,000)</u>	<u>(3,431,485)</u>
<b>Other revenues</b>			
Contribution from Children's Aid	500,000	-	500,000
Contributions from others	482,489	500,000	982,489
Total other revenue	<u>982,489</u>	<u>500,000</u>	<u>1,482,489</u>
Changes in net assets	(2,398,996)	450,000	(1,948,996)
Net assets - beginning of the year	<u>3,720,989</u>	<u>50,000</u>	<u>3,770,989</u>
Net assets - end of the year	<u>\$ 1,321,993</u>	<u>\$ 500,000</u>	<u>\$ 1,821,993</u>

The accompanying notes are an integral part of this financial statement.

**Children's Aid College Prep Charter School**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating revenue and support</b>			
Public school district			
Resident student enrollment	\$ 9,722,241	\$ -	\$ 9,722,241
Students with disabilities	1,845,631	-	1,845,631
Grants and contracts			
State and local	757,104	-	757,104
Federal - Title 1 and IDEA	477,073	-	477,073
Support			
Contributed space	423,695	-	423,695
Rental Assistance	1,024,980	-	1,024,980
Net assets released from restrictions	83,738	(83,738)	-
PPP Loan forgiveness	1,400,000	-	1,400,000
Other	29,011	-	29,011
Total operating revenue and support	<u>15,763,473</u>	<u>(83,738)</u>	<u>15,679,735</u>
<b>Operating expenses</b>			
Program services			
Regular education	13,833,148	-	13,833,148
Special education	1,086,797	-	1,086,797
Total program expenses	<u>14,919,945</u>	<u>-</u>	<u>14,919,945</u>
Supporting services			
Management and general	987,048	-	987,048
Fundraising	422	-	422
Total supporting expenses	<u>987,470</u>	<u>-</u>	<u>987,470</u>
Total operating expenses	<u>15,907,415</u>	<u>-</u>	<u>15,907,415</u>
Deficit from school programs	<u>(143,942)</u>	<u>(83,738)</u>	<u>(227,680)</u>
<b>Other revenue</b>			
Contribution from Children's Aid	500,000	-	500,000
Contributions from others	162,234	-	162,234
Total other revenue	<u>662,233</u>	<u>-</u>	<u>662,233</u>
Changes in net assets	518,291	(83,738)	434,553
Net assets - beginning of the year	<u>3,202,698</u>	<u>133,738</u>	<u>3,336,436</u>
Net assets - end of the year	<u>\$ 3,720,989</u>	<u>\$ 50,000</u>	<u>\$ 3,770,989</u>

The accompanying notes are an integral part of this financial statement.

Children's Aid College Prep Charter School

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Program Services			Supporting Services			Total 2023
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 8515,072	\$ 437,790	\$ 8,952,862	\$ -	\$ -	\$ -	\$ 8,952,862
Fringe benefits and payroll taxes	1,491,103	104,799	1,595,902	-	-	-	1,595,902
Retirement	73,428	6,355	79,783	82,772	-	82,772	162,555
Management company fees - contracted services	1,162,206	308,941	1,471,147	1,089,804	-	1,089,804	2,560,951
Legal service	14,280	-	14,280	9,077	-	9,077	23,357
Accounting/audit services	-	-	-	43,921	-	43,921	43,921
Other purchased/professional/consulting services	634,167	87,929	722,096	-	-	-	722,096
Building and land rent/lease	1,580,002	420,000	2,000,002	-	-	-	2,000,002
Repairs and maintenance	351,257	50,611	401,868	-	-	-	401,868
Insurance	89,302	23,739	113,041	-	-	-	113,041
Utilities	100,207	26,637	126,844	-	-	-	126,844
Supplies/materials	622,964	122,867	745,831	-	-	-	745,831
Staff development	161,569	24,727	186,296	-	-	-	186,296
Marketing/recruitment	11,759	109,164	120,923	-	-	-	120,923
Technology	344,231	19,203	363,434	-	-	-	363,434
Food service	96,684	24,009	120,693	-	-	-	120,693
Student services	77,245	20,533	97,778	-	-	-	97,778
Office expense	26,551	5,215	31,766	-	-	-	31,766
Depreciation and amortization	63,094	16,771	79,865	-	-	-	79,865
Other	93,188	10,510	103,698	1,907	1,323	3,230	106,928
In-kind donations	334,719	88,976	423,695	-	-	-	423,695
Total expenses	\$ 15,843,028	\$ 1,908,776	\$ 17,751,804	\$ 1,227,481	\$ 1,323	\$ 1,228,804	\$ 18,980,608

The accompanying notes are an integral part of this financial statement.

Children's Aid College Prep Charter School

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	Program Services			Supporting Services			Total 2022
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 6,932,069	\$ 491,259	\$ 7,423,328	\$ -	\$ -	\$ -	\$ 7,423,328
Fringe benefits and payroll taxes	1,360,366	131,400	1,491,766	-	-	-	1,491,766
Retirement	78,340	4,816	83,156	-	-	-	83,156
Management company fees - contracted services (Note 11)	1,117,359	297,019	1,414,378	934,323	-	934,323	2,348,701
Legal service	-	-	-	-	-	-	-
Accounting/audit services	189	-	189	46,750	-	46,750	46,939
Other purchased/professional/consulting services	356,580	1,486	358,066	-	-	-	358,066
Building and land rent/lease	2,000,000	-	2,000,000	-	-	-	2,000,000
Repairs and maintenance	299,174	34,803	333,977	-	-	-	333,977
Insurance	103,074	-	103,074	-	-	-	103,074
Utilities	128,230	2,212	130,442	-	-	-	130,442
Supplies/materials	538,346	8,312	546,658	-	-	-	546,658
Staff development	38,904	-	38,904	-	-	-	38,904
Marketing/recruitment	75,438	-	75,438	-	-	-	75,438
Technology	181,949	156	182,105	-	-	-	182,105
Food service	63,372	-	63,372	-	-	-	63,372
Student services	29,744	-	29,744	-	-	-	29,744
Office expense	56,810	-	56,810	-	-	-	56,810
Depreciation and amortization	65,896	25,938	91,834	-	-	-	91,834
Other	72,589	420	73,009	5,975	422	6,397	79,406
In-kind donations	334,719	88,976	423,695	-	-	-	423,695
Total expenses	\$ 13,333,148	\$ 1,086,797	\$ 14,919,945	\$ 987,048	\$ 422	\$ 987,470	\$ 15,907,415

The accompanying notes are an integral part of this financial statement.



**Children's Aid College Prep Charter School**

**STATEMENTS OF CASH FLOWS**

**For the years ended June 30, 2023**

	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (1,948,996)	\$ 434,553
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation and amortization	79,865	91,834
Changes in operating assets and liabilities:		
(Increase) decrease in net assets		
Government grants receivables	(1,050,155)	(853,087)
Prepaid expenses and other assets	26,122	(5,457)
Accounts payable and accrued expenses	135,259	(293,965)
Accrued payroll and benefits	(157,424)	90,378
Paycheck Protection Program loan forgiveness	-	(1,400,000)
Due to affiliated entities	(49,232)	445,036
Deferred revenue	(81,975)	283,575
Net cash used in operating activities	<u>(3,046,536)</u>	<u>(1,207,133)</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	<u>(57,284)</u>	<u>-</u>
Net cash used in investing activities	<u>(57,284)</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,103,820)</u>	<u>(1,207,133)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>4,844,736</u>	<u>6,051,869</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 1,740,916</u></u>	<u><u>\$ 4,844,736</u></u>

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

## **Children's Aid College Prep Charter School**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

#### **NOTE 1 - DESCRIPTION OF THE ORGANIZATION**

Children's Aid College Prep Charter School (the "Charter School") is an educational corporation formed to operate a charter school located in the City of New York, County of the Bronx. On September 13, 2011, the Board of Regents of the University of the State of New York, for and on behalf of the State Education Department, granted a provisional charter ("Charter Agreement"), incorporating the Charter School. This agreement was renewed on June 28, 2022 and is valid until July 31, 2027.

The Charter School's mission is to ensure that children achieve academic success by providing them with the best instructional practices, advancing their physical, emotional, and social needs, fostering a sense of pride and hope, and serving as a safe and engaging community hub. The Charter School serves over 630 scholars, including students enrolled in kindergarten through eighth grade and prioritizes students who are English language learners, at risk of academic failure and/or currently involved in the child welfare system.

The Charter School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the "Code") and is classified as an organization described in Section 501(c)(3).

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Accounting***

The accompanying financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

##### ***Net Asset Classification***

The classification of the Charter School's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets (with donor restrictions and without donor restrictions) be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions, if any. Accordingly, net assets are classified and reported as follows:

*Without Donor Restrictions* - The part of net assets that not restricted by donor-imposed stipulations and/or net assets which the Board of Trustees has available in carrying on the operations of the Charter School.

*With Donor Restrictions* - Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Charter School, or must be held permanently, pursuant to those stipulations.

##### ***Cash and Cash Equivalents***

Cash equivalents include all highly liquid instruments purchased with original maturities of 90 days or less.

**Children's Aid College Prep Charter School**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2023 and 2022**

***Contributions/Pledges***

Contributions and bequests are recorded at fair value as with donor restrictions or without donor restrictions support depending on the existence or nature of any donor-imposed restrictions, and are recognized in the period received.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Conditional promises to give are not included as support until such time as the conditions on which they depend are met.

***Government Support***

Revenue from state and local governments resulting from the Charter School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the Charter Agreement.

Revenue from federal, state and local government grants and contracts is recorded by the Charter School when qualifying expenditures are incurred and billable.

***Allowance for Uncollectible Receivables***

An allowance is recorded based on prior years' collection experience and management's analysis and evaluation of specific promises received. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. The Charter School determined that no allowance for doubtful accounts was necessary as of June 30, 2023 and 2022. This estimate is based on management's assessment of the aged basis of its government funding sources, current economic conditions and the creditworthiness of its donors and grantors.

***Property and Equipment***

The Charter School capitalizes expenditures for furniture and equipment having a cost of \$5,000 or more and with useful lives greater than one year. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets.

Amortization of leasehold improvements is charged at the lesser of the life of the improvements or the term of the lease to which the betterments pertain.

The range of estimated useful lives follows:

Furniture and equipment	5 - 10 years
Leasehold improvements	Lesser of life of lease or economic life

***Impairment of Long-Lived Assets to be Disposed of***

Accounting Standards Codification ("ASC") 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, provides a single accounting model for long-lived assets to be disposed of. ASC 360-10 also changes the criteria for classifying an asset as held for sale, and broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations.

In accordance with ASC 360-10, long-lived assets, such as property, plant and equipment, and purchased intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of



**Children's Aid College Prep Charter School**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position. There were no impairment charges for the years ended June 30, 2023 and 2022.

***Revenue Recognition***

The Charter School recognizes revenue from contributions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Charter School evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer is determined to be an exchange transaction, the Charter School applies guidance under FASB, ASC 606. If the transfer of assets is determined to be a contribution, the Charter School evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Charter School is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The Charter School reports gifts of cash and other assets 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 time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to net assets without donor restrictions. Unconditional promises to give with payments due in future years are presumed to be time restricted by the donor until received and are reported as part of net assets with donor restrictions.

The Charter School recognizes gifts of land, buildings and equipment at fair value on the date of gift. Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long such long-lived assets must be maintained, the Charter School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Charter School recognizes grants as revenue with donor restrictions when they are committed and releases such amounts into net assets without donor restrictions as related grant expenses are incurred to a maximum of the grant award.

The Charter School recognizes revenue from donor list rentals, conference fees and rental income, when earned.

***Measure of Operations***

The Charter School includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, except for monetary contributions.

**Children's Aid College Prep Charter School**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

***Donated Services***

The fair value of voluntary donated services are reported in the financial statements if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not otherwise provided by donation.

***Functional Allocation of Expenses***

The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on time and effort.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues, expenses and disclosures in the financial statements. Actual results could differ from those estimates.

***Income Taxes***

The Charter School follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more-likely-than-not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Charter School is exempt from federal income tax under the Code Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Charter School has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The Charter School has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements for the years ended June 30, 2023 and 2022.

***Recently Adopted Accounting Pronouncement***

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations related to their leasing arrangements. This comprehensive new standard amends and supersedes existing lease accounting guidance and is intended to increase transparency and comparability among organizations by recognizing right-of-use lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. Lease expense continues to be recognized in a manner similar to legacy U.S. GAAP.

The Charter School adopted the new lease standard on July 1, 2022 using the optional transition method to the modified retrospective approach. Under this transition provision, results for reporting periods beginning on July 1, 2022 are presented under Topic 842, while prior period amounts continue to be reported and disclosed in accordance with the Charter School's historical accounting treatment under ASC Topic 840, *Leases*.

To reduce the burden of adoption and ongoing compliance with Topic 842, a number of practical expedients and policy elections are available under the new guidance. The Charter School elected the "package of practical expedients" permitted under the transition guidance, which among other things, did not require



**Children's Aid College Prep Charter School**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

reassessment of whether contracts entered into prior to adoption are or contain leases, and allowed carryforward of the historical lease classification for existing leases. The Charter School has not elected the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term at adoption on July 1, 2022.

The Charter School made an accounting policy election under Topic 842 not to recognize (ROU) assets and lease liabilities for leases with a term of twelve months or less. For all other leases, the Charter School recognizes ROU assets and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or July 1, 2022 for existing leases upon the adoption of Topic 842). To determine the present value of lease payments, the Charter School made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate for all leases, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index). Subsequent changes an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Payments for terminating the lease and residual value guarantees are included in the lease payments only when it is probable they will be incurred.

the Charter School's leases may include a non-lease component representing additional services transferred to the Charter School, such as common area maintenance for real estate. the Charter School made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component for all asset classes. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of right-of-use assets and lease liabilities related to the Charter School's operating leases of \$59,732. The adoption of the new lease standard did not materially impact the Charter School's change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Charter School regularly monitors liquidity to meet its operating needs and other contractual commitments. The Charter School has various sources of liquidity at its disposal, including cash and cash equivalents, and receivables.

**Children's Aid College Prep Charter School**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The following table presents the total financial assets held by the Charter School as of June 30, 2023 and 2022 that could be readily made available within one year of the statement of financial position date to meet general expenditures:

	2023	2022
Cash and cash equivalents	\$ 1,740,916	\$ 4,844,736
Government grants receivables	2,464,821	1,414,666
Total financial assets	4,205,737	6,259,402
Contractual or donor-imposed restrictions:		
Purpose or time restricted gifts	(500,000)	(50,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,705,737	\$ 6,209,402

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.

**NOTE 4 - GOVERNMENT GRANTS RECEIVABLES**

Government grants receivables consist of the following as of June 30, 2023 and 2022:

	2023	2022
Due from the State of New York	\$ 34,084	\$ 261,083
Due from NYS with federal sources	2,430,737	1,153,583
	\$ 2,464,821	\$ 1,414,666

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consists of the following as of June 30, 2023 and 2022:

	2023	2022
Furniture and equipment	\$ 869,448	\$ 812,165
Leasehold improvements	57,569	57,569
	927,017	869,734
Less: accumulated depreciation and amortization	(786,656)	(706,792)
	\$ 140,361	\$ 162,942

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 amounted to \$79,865 and \$91,834, respectively.

**Children's Aid College Prep Charter School**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2023 and 2022**

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

The Charter School's net assets with donor restrictions as of June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Life coaching	\$ 500,000	\$ 50,000

Net assets with donor restrictions released for the years ended June 30, 2023 and 2022, were \$50,000 and \$67,000 for the Life Coaching program, respectively. Net assets with donor restrictions released for the years ended June 30, 2022 also included \$16,738 for the Middle School Expansion program.

**NOTE 7 - RETIREMENT PLAN**

Effective August 1, 2014, the Charter School sponsors a defined contribution retirement plan covering eligible employees. Pursuant to the plan, all employees can contribute up to the maximum allowed by law, and for eligible employees, the Charter School may make matching contributions equal to a discretionary percentage, to be determined by the Charter School. Eligible employees are all employees who have attained the age of at least 21 years of age, continuously employed for at least one full year and working a schedule of at least 1,000 hours per year. Employees become fully vested in the Charter School's contributions to the plan on their behalf upon three years of service. Total retirement plan expense for the years ended June 30, 2023 and 2022 amounted to \$162,555 and \$83,156, respectively.

**NOTE 8 - SCHOOL FACILITY**

In fiscal year 2022, the Charter School operated in two Bronx locations: 1232 Southern Boulevard LLC ("1232 LLC") and a site provided by the City of New York Department of Education ("DOE") at 1919 Prospect Avenue. Beginning October 15, 2017, the Charter School leased approximately 35,000 square feet from 1232 Southern Boulevard LLC, which is a consolidating entity of the Children's Aid Society. The building was placed into service on October 9, 2017 and rental payments from the Charter School to Children's Aid commenced on October 15, 2017. The facilities and services provided by 1232 Southern Boulevard LLC to the Charter School are outlined in a Facility Use Agreement. The Charter School is paying market-rate rent of \$2,000,000 in each of fiscal years 2023 and 2022.

As part of the New York City Chancellor's Charter School Initiative, the DOE committed space to the Charter School at no charge. The facilities and services provided by the DOE to the Charter School are outlined in a Shared Facility Use Agreement. During fiscal years 2023 and 2022, the Charter School quantified and recognized the fair value of the contributed space it receives for its instructional purposes, totaling \$423,695 and \$423,695, respectively, and recognized it as a component of contributed services revenue and allocated the related expense amongst the functional expense categories benefitted in its statements of activities and functional expenses.



Children's Aid College Prep Charter School

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The future minimum rental commitments for all noncancelable operating leases as of June 30, 2023 are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 26,852
2025	<u>8,084</u>
	34,936
Less: imputed interest	<u>(688)</u>
Total present value of lease liabilities	<u>\$ 34,248</u>

Office and school space expenses under one-year operating leases totaled \$2,000,000 for each of the years ended June 30, 2023 and 2022.

Certain grants and contracts may be subject to audit by funding sources. Such audits may result in disallowances of certain costs previously 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.

**NOTE 10 - CONCENTRATIONS**

The Charter School receives a majority of its revenues from the New York State Education Department through the State University of New York Office of Charter Schools. The DOE provides general operating support to the Charter School based upon the location and the number of students enrolled. For the years ended June 30, 2023 and 2022, such operating support provided to the Charter School by the DOE totaled \$11,587,948 and \$11,567,872, respectively. The Charter School is dependent upon this level of funding in order to continue its operations.

Cash accounts that potentially subject the Charter School to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of June 30, 2023 and 2022, there was approximately \$1,490,000 and \$4,595,000, respectively, of cash and cash equivalents held by a bank that exceeded FDIC limits.

**NOTE 11 - AFFILIATED-PARTY TRANSACTIONS**

The Charter School and Children's Aid Society ("Children's Aid"), a not-for-profit organization, are affiliated through certain Board of Directors commonality. Children's Aid provides administrative support services and other enrichment programs and services to the students of the Charter School ("wrap-around services") under an agreement between the two entities. The Charter School pays an administrative fee equal to 7.5% of total operating expenses, excluding rent and depreciation, to Children's Aid for the administrative services, which amounted to \$1,089,804 and \$934,323 for the years ended June 30, 2023 and 2022, respectively. In addition, the Charter School was charged a fee by Children's Aid for wrap-around and other services totaling \$1,471,147 and \$1,414,378 for the years ended June 30, 2023 and 2022, respectively.

**Children's Aid College Prep Charter School**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2023 and 2022**

Children's Aid routinely receives contributions from private donors that are earmarked for the Charter School. These contributions are recorded as contribution revenue passed through by Children's Aid to the Charter School. The Charter School received \$482,489 and \$162,234 of contributions passed through from Children's Aid for the years ended June 30, 2023 and 2022, respectively. The Charter School has a payable to Children's Aid in the amount of \$777,860 and \$808,071 as of June 30, 2023 and 2022, respectively.

The Charter School and 1232 LLC, a limited liability company, are affiliated through Children's Aid, the sole member of 1232 LLC. The Charter School has a payable to 1232 LLC in the amount of \$485 and \$19,507 as of June 30, 2023 and 2022, respectively.

**NOTE 12 - DEBT**

On April 13, 2020, the Charter School received loan proceeds in the amount of \$1,400,000 through JPMorgan Chase bank under the U.S. Small Business Administration's Paycheck Protection Plan ("PPP"). The PPP, established, as part of the Coronavirus Aid, Relief and Economic Securities Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times their average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 0.98%, with a deferral of payment for the first six months. The Charter School received notice from the Small Business Association that the Loan was forgiven on August 10, 2021. The forgiveness of the loan was recorded as supporting revenues on the statement of activities for year end June 30, 2022.

**NOTE 13 - CONTINGENCIES**

The Charter School, in the normal course of its operations, could be a party to various legal proceedings and complaints, some of which would be covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the Charter School is not aware of any claims or contingencies which, if asserted, would not be covered by insurance and would have a material adverse effect on the Charter School's financial position, changes in net assets or cash flows.

**NOTE 14 - SUBSEQUENT EVENTS**

Management has performed subsequent events procedures through November 1, 2023, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.



REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

To the Board of Trustees of  
Children's Aid College Prep 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 (*Government Auditing Standards*), the financial statements of Children's Aid College Prep Charter School (the "Charter 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 the financial statements, and have issued our report thereon dated November 1, 2023.

**Report on internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the Charter 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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Charter 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 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 Charter 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 Charter School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

New York, New York  
November 1, 2023



October 31, 2023

Grant Thornton LLP  
757 Third Avenue  
New York, NY 10017

We are providing this letter in connection with your audits of the financial statements of Children's Aid College Prep Charter School (the "Charter School"), which comprise the statements of financial position as of June 30, 2023 and June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. We understand that your audits were made for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

We have fulfilled our responsibility, as set out in the terms of the Engagement Letter, for the preparation and fair presentation of the financial statements in accordance with US GAAP. We acknowledge our responsibility 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 error or fraud, including programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of October 31, 2023, the following representations made to you during your audits.

1. The financial statements referred to above, including the related notes, have been prepared and are fairly presented in accordance with US GAAP.
2. We have prepared an accurate and complete Schedule of Expenditures of Federal Awards in accordance with the Uniform Guidance and have included expenditures made during the period being audited for all awards provided by federal agencies, state and/or local governments in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
3. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, including all financial records, documentation of internal control over financial reporting and federal financial assistance, and related information
  - b. Additional information you have requested for audit purposes
  - c. Unrestricted access to persons from whom you determined it necessary to obtain audit evidence
  - d. Minutes of the meetings of boards of directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
4. There have been no communications, written or oral, from regulatory agencies or others concerning noncompliance with, or deficiencies in, financial reporting practices.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.



6. We believe that the effects of the uncorrected financial statement misstatements (including omitted, inaccurate, or incomplete disclosures) in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements as a whole. (Attach the final Summary of Unrecorded Misstatements, which includes omitted, inaccurate, or incomplete disclosures.)
7. There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.
8. There are no significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting of which we are aware.
9. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have no knowledge of fraud or suspected fraud affecting the Charter School involving:
  - a. Management
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Charter School's financial statements received in communications from employees, former employees, analysts, regulators, or others.
11. We have identified and disclosed to you all laws, regulations, contracts, and grant agreements and other matters that have a direct and material effect on the determination of financial statement amounts.
12. There are no known violations or possible violations of, or no known instances of noncompliance or suspected noncompliance with, laws, including charitable registration laws, regulations, contracts, grant agreements, donor restrictions, or other matters whose effects should be considered by management when preparing the financial statements, as a basis for recording a loss contingency or for disclosure. We are responsible for and have complied with all laws, including charitable registration laws, regulations, contracts, grant agreements, donor restrictions, and other matters. In addition, there are no known investigations or legal proceedings that have been initiated during the reporting period.
13. We have established and maintained a process to address and track the status of audit findings, conclusions, and recommendations. We have provided to you our views on such matters, as well as planned corrective actions to be included in the report. We have also identified and informed you of findings and recommendations from previous audits, attestation engagements, or other studies that could have a material effect on the financial statements and whether any related recommendations were implemented, or corrective actions taken.
14. The Charter School's assets and liabilities are appropriately classified and releases from restriction and reclassifications between net asset categories are appropriate.
15. The Charter School has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
16. The financial statements include all assets and liabilities under the Charter School's control.
17. We have disclosed to you the identity of all the Charter School's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions and related amounts receivable from or payable to related parties (including sales, purchases, loans, transfers, leasing arrangements, and guarantees) have been properly accounted for and disclosed in the financial statements in accordance with US GAAP.

We understand that "related parties" include (1) affiliates of the Charter School; (2) entities for which investments in their equity securities would be required to be accounted for by the equity method by the investing entity; (3) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (4) principal owners of the Charter School and members of their immediate families; and (5) management of the Charter School and members of their immediate families.

Related parties also include (1) other parties with which the Charter School may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (2) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership



interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

18. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with US GAAP (*FASB Accounting Standards Codification*® (ASC) 275, *Risks and Uncertainties*) are properly disclosed in the financial statements.

Significant estimates are estimates at the date of the statement of financial position that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

19. The methods, significant assumptions, and data used in making accounting estimates and the related disclosures, including those measured at fair value, are reasonable, are consistently applied, and result in a measurement appropriate to achieve recognition, measurement, or disclosure for financial statement and disclosure purposes in accordance with the financial reporting framework. In addition, the data used in making accounting estimates is accurate and complete. No events have occurred subsequent to the date of the financial statements through the date of this letter that would require adjustment to these estimates and fair value measurements, or the related disclosures included in the financial statements.
20. In connection with the preparation of the financial statements we evaluated, in accordance with US GAAP (*FASB Accounting Standards Codification*® (ASC) 205, *Presentation of Financial Statements*), whether there were conditions or events that, when considered in the aggregate, raised substantial doubt about the Charter School's ability to continue as a going concern for a period not less than one year from the date the financial statements are issued or available to be issued. Our evaluation was based on relevant conditions and events known and reasonably knowable at that date.
21. There are no financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.
22. There are no guarantees, whether written or oral, under which the Entity is contingently liable.
23. There are no known actual or possible litigation, claims, or assessments that our legal counsel has advised us are probable of assertion whose effects should be considered by management when preparing the financial statements and that should be accounted for and disclosed in accordance with US GAAP (*FASB Accounting Standards Codification*® (ASC) 450, *Contingencies*).
24. There are no other liabilities or gain or loss contingencies that are required to be accounted for or disclosed in accordance with US GAAP (ASC 450).
25. The Charter School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
26. The Charter School has adequate controls over the receipt and recording of contributions.
27. An appropriate composition of assets needed to comply with all donor restrictions has been maintained.
28. We are not aware of any laws that place restrictions on net appreciation of donor-restricted endowments.
29. The basis for the allocation of functional expenses is reasonable and complies with the requirements of the Charter School's various funding sources.
30. The Charter School is a tax-exempt organization under the Internal Revenue Code. In addition, the Charter School has maintained its tax-exempt status by conducting activities within the scope of its exemptions granted by the Internal Revenue Service.
31. We will make the audited financial statements readily available to the intended users of the Schedule of Expenditures of Federal Awards no later than the issuance date of the Schedule of Expenditures of Federal Awards and the auditor's report thereon.
32. The Charter School is not subject to the California Nonprofit Integrity Act of 2004 ("SB 1262") and there were no changes in circumstances that would change this determination.

33. The Charter School has appropriately inventoried the extent of contributed space it received from the Department of Education during fiscal 2023 and 2022 for its instructional purposes and has recognized such contributed space at fair value in its financial statements. The Charter School has adequate controls over the receipt and recording of contributions, resident student enrollment and students with disabilities revenues and grant and contract revenues and contributed services and goods.
34. As previously discussed in representation 33, the Charter School benefits from the free usage of space for its instructional purpose provided the Department of Education on an annual basis. The extent of space available to the Charter School is based on a Building Utilization Plan, however, there is no formal lease agreement in force between the parties. Accordingly, annually, the Charter School determines the fair value of the portion of the facility used and recognizes it in its financial statements.
35. No events have occurred subsequent to the date of the financial statements through the date of this letter that would require, in accordance with US GAAP, recognition or disclosure in the financial statements.

CHILDREN'S AID COLLEGE PREP CHARTER SCHOOL



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Michael Greenberg, Vice President & Chief Financial Officer



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Drema Brown, Head of School