

**FINN ACADEMY: AN ELMIRA CHARTER SCHOOL**

**SINGLE AUDIT REPORTING PACKAGE**

**JUNE 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Finn Academy: An Elmira Charter School

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying balance sheets of Finn Academy: An Elmira Charter School (the School) 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 financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

#### *Adoption of ASU No. 2016-02*

As discussed in Note 5 to the financial statements, the School changed its method of accounting for leases of longer than one year, and adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), effective July 1, 2022. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

### ***Additional 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* (Uniform Guidance) 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 GAAS. 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 31, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 31, 2023

FINN ACADEMY: AN ELMIRA CHARTER SCHOOL

**Balance Sheets**

June 30,	2023	2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 468,975	\$ 1,117,318
Receivables (Note 2)	671,872	422,105
Prepaid expenses and other	1,687	48,872
	<u>1,142,534</u>	<u>1,588,295</u>
Property and equipment, net (Note 3)	654,260	748,446
Right of use asset - lease (Note 5)	380,264	-
Restricted cash	<u>75,000</u>	<u>75,000</u>
	<u>\$ 2,252,058</u>	<u>\$ 2,411,741</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Current portion of lease liability (Note 5)	\$ 172,270	\$ -
Accounts payable and accrued expenses	640,518	689,913
	<u>812,788</u>	<u>689,913</u>
Lease liability (Note 5)	167,994	-
<b>Net assets:</b>		
Without donor restrictions	1,271,276	1,717,818
With donor restrictions	-	4,010
	<u>1,271,276</u>	<u>1,721,828</u>
	<u>\$ 2,252,058</u>	<u>\$ 2,411,741</u>

See accompanying notes.

**Statements of Activities**

For the years ended June 30,	2023	2022
<b>Changes in net assets without donor restrictions:</b>		
<b>Revenue and support:</b>		
Enrollment fees:		
Resident students	\$ 4,477,048	\$ 4,516,548
Resident students with disabilities	195,201	282,460
Contributions:		
Federal awards	823,471	651,869
State awards and other	23,252	42,498
Other income	37,619	28,499
Net assets released from restrictions	4,010	-
<b>Total support and revenue</b>	<b>5,560,601</b>	<b>5,521,874</b>
<b>Expenses:</b>		
Program expenses:		
Regular education	3,628,447	3,621,797
Special education	363,754	312,700
Other program	943,044	850,145
Supporting services:		
Management and general	1,071,898	945,150
<b>Total expenses</b>	<b>6,007,143</b>	<b>5,729,792</b>
<b>Change in net assets without donor restrictions</b>	<b>(446,542)</b>	<b>(207,918)</b>
<b>Changes in net assets with donor restrictions:</b>		
Contributions - state and local awards	-	4,010
Net assets released from restrictions	(4,010)	-
<b>Change in net assets with donor restrictions</b>	<b>(4,010)</b>	<b>4,010</b>
Change in net assets	(450,552)	(203,908)
Net assets - beginning	1,721,828	1,925,736
Net assets - ending	\$ 1,271,276	\$ 1,721,828

FINN ACADEMY: AN ELMIRA CHARTER SCHOOL

**Statement of Functional Expenses**

For the year ended June 30, 2023

	Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
Administrative personnel	6.1	\$ -	\$ -	\$ -	\$ 565,381	\$ 565,381
Instructional personnel	57.0	2,159,822	260,138	-	-	2,419,960
Non-instructional personnel	9.0	-	-	215,921	-	215,921
Total salaries	72.1	\$ 2,159,822	\$ 260,138	\$ 215,921	\$ 565,381	\$ 3,201,262
Salaries		\$ 2,159,822	\$ 260,138	\$ 215,921	\$ 565,381	\$ 3,201,262
Employee benefits and payroll taxes		348,332	41,954	34,824	91,184	516,294
Retirement		178,104	21,452	17,805	46,623	263,984
Instructional consultants		26,835	-	-	-	26,835
Contracted services - special education		-	539	-	-	539
Classroom supplies and materials		84,004	-	-	-	84,004
Technology		138,551	-	-	-	138,551
Student activities		-	-	44,693	-	44,693
Student services		-	-	1,024	-	1,024
Student testing and assessment		22,151	-	-	-	22,151
Field trips		12,917	-	-	-	12,917
Transportation		-	-	397,796	-	397,796
Food service		-	-	191,310	-	191,310
Staff development		22,966	-	-	-	22,966
Student and teacher recruitment		-	-	-	26,507	26,507
Repairs and maintenance		116,292	7,268	7,268	14,537	145,365
Utilities		108,397	6,775	6,775	13,550	135,497
Occupancy		150,400	9,400	9,400	18,800	188,000
Telephone and internet		19,352	1,209	1,209	2,419	24,189
Insurance		21,461	1,341	1,341	2,683	26,826
Office expense		64,234	4,015	4,015	8,029	80,293
Professional fees		-	-	-	172,551	172,551
Payroll processing fees		-	-	-	30,305	30,305
Other		27,192	1,699	1,699	3,399	33,989
Bad debts		-	-	-	60,000	60,000
Interest		38	2	2	5	47
		3,501,048	355,792	935,082	1,055,973	5,847,895
Depreciation		127,399	7,962	7,962	15,925	159,248
Total		\$ 3,628,447	\$ 363,754	\$ 943,044	\$ 1,071,898	\$ 6,007,143

See accompanying notes.



FINN ACADEMY: AN ELMIRA CHARTER SCHOOL

**Statement of Functional Expenses**

For the year ended June 30, 2022

	Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
Administrative personnel	8.0	\$ -	\$ -	\$ -	\$ 495,629	\$ 495,629
Instructional personnel	52.4	2,177,803	224,311	-	-	2,402,114
Non-instructional personnel	5.1	-	-	191,688	-	191,688
Total salaries	65.5	\$ 2,177,803	\$ 224,311	\$ 191,688	\$ 495,629	\$ 3,089,431
Salaries		\$ 2,177,803	\$ 224,311	\$ 191,688	\$ 495,629	\$ 3,089,431
Employee benefits and payroll taxes		325,096	33,484	28,615	73,986	461,181
Retirement		158,164	16,291	13,921	35,995	224,371
Instructional consultants		2,756	-	-	-	2,756
Contracted services - special education		-	663	-	-	663
Classroom supplies and materials		115,097	-	-	-	115,097
Technology		163,481	-	-	-	163,481
Student activities		-	-	32,075	-	32,075
Student services		-	-	3,680	-	3,680
Student testing and assessment		17,735	-	-	-	17,735
Field trips		1,472	-	-	-	1,472
Transportation		-	-	352,121	-	352,121
Food service		-	-	190,094	-	190,094
Staff development		52,960	-	-	-	52,960
Student and teacher recruitment		-	-	-	21,721	21,721
Repairs and maintenance		118,624	7,414	7,414	14,828	148,280
Utilities		92,966	5,810	5,810	11,621	116,207
Occupancy		150,400	9,400	9,400	18,800	188,000
Telephone and internet		15,632	977	977	1,954	19,540
Insurance		41,302	2,581	2,581	5,163	51,627
Office expense		59,517	3,720	3,720	7,440	74,397
Professional fees		-	-	-	186,985	186,985
Payroll processing fees		-	-	-	24,880	24,880
Other		5,456	341	341	682	6,820
Bad debts		-	-	-	30,049	30,049
Interest		87	5	5	11	108
		3,498,548	304,997	842,442	929,744	5,575,731
Depreciation		123,249	7,703	7,703	15,406	154,061
Total		\$ 3,621,797	\$ 312,700	\$ 850,145	\$ 945,150	\$ 5,729,792

See accompanying notes.

**Statements of Cash Flows**

For the years ended June 30,	2023	2022
<b>Operating activities:</b>		
Cash received from enrollment fees	\$ 4,695,612	\$ 4,827,948
Cash received from contributions	513,593	548,512
Cash received from other sources	37,619	28,499
Payments to employees for services and benefits	(3,937,797)	(3,752,619)
Payments to vendors and suppliers	(1,892,261)	(1,663,745)
Interest paid	(47)	(108)
<b>Net operating activities</b>	<b>(583,281)</b>	<b>(11,513)</b>
<b>Investing activities:</b>		
Property and equipment expenditures	(65,062)	(108,727)
<b>Financing activities:</b>		
Principal payments on long-term debt	-	(3,270)
<b>Net change in cash and restricted cash</b>	<b>(648,343)</b>	<b>(123,510)</b>
Cash and restricted cash - beginning	1,192,318	1,315,828
<b>Cash and restricted cash - ending</b>	<b>\$ 543,975</b>	<b>\$ 1,192,318</b>

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies:

#### Organization and Purpose:

Finn Academy: An Elmira Charter School (the School), operates a charter school in the City of Elmira, New York (the City) authorized by the Board of Regents of the University of the State of New York. The School offers classes from kindergarten through sixth grade. The School is chartered through July 2028 and continued operations are contingent upon approval of its charter renewal.

#### Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through October 31, 2023, the date the financial statements were available to be issued.

#### Cash and Restricted Cash:

Cash in financial institutions potentially subjects the School to concentrations of credit risk since it may exceed insured limits at various times throughout the year. The School complies with a requirement to hold no less than \$75,000 in an escrow account to pay legal and audit expenses that would be associated with dissolution should it occur. This is included as restricted cash on the balance sheets as of June 30, 2023 and 2022.

#### Property and Equipment:

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

#### Revenue Recognition:

##### Enrollment Fees

Enrollment fees are received from the public-school districts in which the student resides. The amount received each year from the resident district is generally the product of the approved operating expense per pupil and the full-time equivalent enrollment of the students in the School residing in that district.

The respective districts also reimburse the School for special education services based on approved applicable rates for the services provided. Revenues are recognized over the period services are provided. The School generally invoices the resident district bimonthly and payment is due in 30 days. Enrollment fees received in advance are deferred and recognized when earned. The School's enrollment fees are received primarily from the Elmira City School District.

##### Contributions

Contributions are reported at fair value at the date the pledge or award is received. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are shown as support without donor restrictions.

Conditional contributions, primarily government awards, are recorded as revenue when the School meets requirements in compliance with specific agreements. When applicable, amounts received before the required conditions are met are reported as refundable advances on the accompanying balance sheets. These conditional contributions are subject to compliance and financial audits by the funding sources. Management believes no significant adjustments are necessary to recognized amounts.

##### Receivables

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debts expense and a credit to allowance for doubtful accounts based on its assessment of the current status of individual accounts and historical trends. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to receivables.

##### Net Assets with Donor Restrictions:

Net assets with donor restrictions at June 30, 2022 were available for a library management system.

## Income Taxes:

The School is a 501(c)(3) corporation exempt from taxation under Section 501(a) of the Internal Revenue Code.

## Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## Functional Expense Allocation:

The School's costs of providing its various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include salaries and benefits, which are allocated based on estimates of time and effort, and depreciation, occupancy and related, interest, insurance and office expenses which are allocated based on management's estimate of program benefit.

## 2. Receivables:

	2023	2022
Enrollment fees	\$ 189,275	\$ 212,638
Contributions	602,597	269,467
	<u>791,872</u>	<u>482,105</u>
Less allowance for doubtful collections	120,000	60,000
	<u>\$ 671,872</u>	<u>\$ 422,105</u>

## 3. Property and Equipment:

	2023	2022
Building improvements	\$ 763,301	\$ 746,649
Instructional and office equipment	657,405	608,995
	<u>1,420,706</u>	<u>1,355,644</u>
Less accumulated depreciation	766,446	607,198
	<u>\$ 654,260</u>	<u>\$ 748,446</u>

## 4. Short-Term Borrowings:

The School has available a \$250,000 unsecured bank demand line of credit with interest payable at prime plus 1% with a minimum of 4.25% and a maximum of 16%. The line is subject to the usual terms and conditions applied by the bank for working capital financing and is annually reviewed and renewed. There were no borrowings on the line of credit at June 30, 2023 and 2022.

## 5. Lease Liability:

The School leases property under the terms of an operating lease.

Accounting Standards Update (ASU) 2016-02, *Leases*, requires for leases longer than one year, a lessee recognize on the balance sheets a right of use asset (ROU), representing the right to use the underlying asset for the lease term, and a lease liability, representing the present value of future lease payments. This ASU was adopted as of July 1, 2022 using the cumulative effect method. As of July 1, 2022, ROU asset including advanced security deposit, and lease liability of \$542,526 and \$502,526 were recognized respectively; prior year financial statements were not recast under the new method. The standard did not impact the School's statement of activities.

The present value of the School's lease liability at transition was calculated using an estimated incremental borrowing rate of 6% based on similar arrangements as of the transition date. As of June 30, 2023, the School recognized operating ROU assets including advanced security deposit and lease liability of \$380,264 and \$340,264 respectively.

As permitted by guidance, leases with expected durations of less than 12 months from inception (i.e. short-term leases) were excluded from the School's calculation of its lease liability and ROU asset.

The following is a summary of the Schools's total lease cost for the years ended June 30:

	2023	2022
Operating lease cost	<u>\$ 188,000</u>	<u>\$ 188,000</u>

The following is a summary of cash paid in 2023 for amounts included in the measurement of lease liability:

Operating cash flows used for operating leases	<u>\$ 188,000</u>
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The following is a summary of the School's maturity of operating lease liability:

2024	<u>\$ 188,000</u>
2025	<u>173,098</u>
Total lease payments	<u>361,098</u>
Less interest	<u>20,834</u>
Total lease liability	<u>\$ 340,264</u>

## 6. Retirement Plans:

The School participates in the New York State Teachers' Retirement System (TRS) which is a cost-sharing multiple employer public employee retirement system. TRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from TRS at [www.nystrs.org](http://www.nystrs.org).

No employee contribution is required for those whose service began prior to July 1976. TRS requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined from July 1976 through December 2009. Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% of compensation throughout their active membership in TRS. Participants whose service began on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation.

Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually by the New York State Teachers' Retirement Board. The rate is 10.29% of the annual covered payroll for the year ended June 30, 2023, and 9.80% for the year ended June 30, 2022. The required contributions for the years ended June 30, 2023 and 2022 TRS were \$242,728 and \$200,417.

The School also has a 403(b) plan covering selected employee groups. The School contributes 5% of non-instructional, qualifying employees' salaries to the plan, subject to certain limitations. The School's contribution was \$21,256 and \$23,954 for the years ended June 30, 2023 and 2022.

## 7. Contingencies:

The School is subject to claims and lawsuits that arise in the ordinary course of business. Management does not believe these claims will have a material adverse effect on the School.

## 8. Financial Assets Available for Operating Purposes:

The School obtains financial assets generally through enrollment fees and contributions. The financial assets are acquired throughout the year to help meet the School's cash needs for general expenditures. If necessary, the School also has access to a \$250,000 bank demand line of credit (Note 4).

The School's financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at June 30, 2023:

	2023	2022
Cash available for operations	\$ 468,975	\$ 1,117,318
Receivables	671,872	422,105
	<u>\$ 1,140,847</u>	<u>\$ 1,539,423</u>

### Additional Information

### Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education</u>			
Passed through New York State Education Department:			
Title I Grants to Local Educational Agencies	84.010	0021-23-5300	\$ 81,904
Title I Grants to Local Educational Agencies	84.010	0021-22-5300	10,351
Supporting Effective Instruction State Grants	84.367	0147-23-5300	12,046
Student Support and Academic Enrichment Program	84.424	0204-23-5300	8,333
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-5300	64,924 <sup>1</sup>
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-5300	406,024 <sup>1</sup>
Total U.S. Department of Education			<u>583,582</u>
<u>U.S. Department of Agriculture</u>			
Passed through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	52,975 <sup>2</sup>
National School Lunch Program	10.555	N/A	165,095 <sup>2</sup>
Fresh Fruit and Vegetable Program	10.582	N/A	21,191 <sup>2</sup>
			<u>239,261</u>
Pandemic EBT Administrative Costs	10.649	N/A	628
Total U.S. Department of Agriculture			<u>239,889</u>
Total Expenditures of Federal Awards			<u>\$ 823,471</u>

<sup>1</sup> Total Education Stabilization Fund - \$470,948<sup>2</sup> Total Child Nutrition Cluster - \$239,261

**Notes to Schedule of Expenditures of Federal Awards**

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**1. Summary of Significant Accounting Policies:**

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award (SEFA) programs administered by Finn Academy: An Elmira Charter School (the School), an entity as defined in Note 1 to the School's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the SEFA.

**Basis of Accounting:**

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the School's financial reporting system. The federal expenditures are recorded on the accrual basis.

**Indirect Costs:**

The School does not use the 10% de minimis indirect cost rate permitted by 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  
Finn Academy: An Elmira Charter School

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 Finn Academy: An Elmira Charter School (the School) which comprise the balance sheet 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 October 31, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

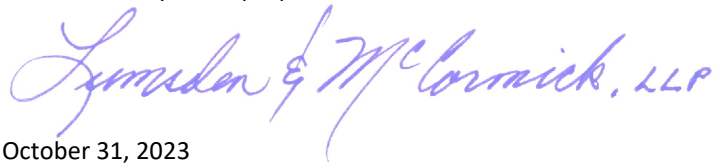
### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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.

A handwritten signature in blue ink that reads "Lunden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 31, 2023

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

The Board of Trustees  
Finn Academy: An Elmira Charter School

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

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

We have audited Finn Academy: An Elmira 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 each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 31, 2023

**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2023

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**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	<u>\$ 470,948</u>

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

Auditee qualified as low-risk auditee? No

**Section II. Financial Statement Findings**

No matters were reported.

**Section III. Federal Award Findings and Questioned Costs**

No matters were reported.