

KING CENTER CHARTER SCHOOL

Financial Statements and
Supplementary Information

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

KING CENTER CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
King Center Charter School:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of King Center Charter School (the School) (a nonprofit organization), 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 financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of King Center Charter School as of June 30, 2023 and 2022, and the results of its operations 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 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits.

Other Matters

Other Information

Our audits were 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 (CFR) 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 audits of the financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 31, 2023

KING CENTER CHARTER SCHOOL
Statements of Financial Position
June 30, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 1,750,055	2,157,871
Grants and other receivables	620,353	1,133,822
Prepaid expenses	<u>23,987</u>	<u>21,497</u>
Total current assets	<u>2,394,395</u>	<u>3,313,190</u>
Investments, at fair value	1,323,982	1,214,873
Property and equipment, at cost	6,231,030	5,707,840
Less accumulated depreciation	<u>(1,480,396)</u>	<u>(1,265,667)</u>
Net property and equipment	<u>4,750,634</u>	<u>4,442,173</u>
Total assets	<u><u>\$ 8,469,011</u></u>	<u><u>8,970,236</u></u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	93,694	179,656
Accrued expenses:		
Payroll and payroll taxes	305,935	356,497
Pension	<u>471,450</u>	<u>428,269</u>
Total accrued expenses	<u>777,385</u>	<u>784,766</u>
Deferred revenue	<u>369</u>	<u>569</u>
Total current liabilities	<u>871,448</u>	<u>964,991</u>
Net assets:		
Without donor restrictions	7,557,729	7,980,245
With donor restrictions	<u>39,834</u>	<u>25,000</u>
Total net assets	<u>7,597,563</u>	<u>8,005,245</u>
Contingency (note 8)	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$ 8,469,011</u></u>	<u><u>8,970,236</u></u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL
Statements of Activities
Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions:		
Revenue:		
Public school districts:		
Resident student enrollment	\$ 5,221,105	5,189,468
Students with disabilities	191,696	166,434
State aid	226,351	226,053
Interest income	451	1,579
Unrealized gain (loss) on investments	37,010	(3,074)
Other income	6,152	2,733
Net assets released from restrictions	<u>842,872</u>	<u>2,029,355</u>
Total revenue	<u>6,525,637</u>	<u>7,612,548</u>
Expenses:		
Program services:		
Regular education	5,086,250	5,495,202
Special education	404,686	411,827
Other programs	<u>63,486</u>	<u>64,344</u>
Total program services	5,554,422	5,971,373
Management and general	<u>1,393,731</u>	<u>1,271,245</u>
Total expenses	<u>6,948,153</u>	<u>7,242,618</u>
Change in net assets without donor restrictions	<u>(422,516)</u>	<u>369,930</u>
Change in net assets with donor restrictions:		
Contributions	25,000	25,000
Federal and State grants	832,706	2,029,355
Net assets released from restrictions	<u>(842,872)</u>	<u>(2,029,355)</u>
Change in net assets with donor restrictions	<u>14,834</u>	<u>25,000</u>
Change in net assets	(407,682)	394,930
Net assets at beginning of year	<u>8,005,245</u>	<u>7,610,315</u>
Net assets at end of year	<u>\$ 7,597,563</u>	<u>8,005,245</u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL

Statement of Functional Expenses

Year ended June 30, 2023

with comparative totals for 2022

	No. of <u>positions</u>	<u>Program Services</u>				<u>Management and general</u>	<u>Total</u>	
		<u>Regular education</u>	<u>Special education</u>	<u>Other programs</u>	<u>Total</u>		<u>2023</u>	<u>2022</u>
Salaries:								
Instructional	65.0	\$ 3,149,614	257,771	-	3,407,385	-	3,407,385	3,484,970
Administrative	14.5	-	-	-	-	969,668	969,668	888,643
Non-instructional	1.0	-	-	46,209	46,209	-	46,209	48,000
Total salaries	<u>80.5</u>	3,149,614	257,771	46,209	3,453,594	969,668	4,423,262	4,421,613
Payroll taxes		263,315	21,550	3,863	288,728	81,066	369,794	361,906
Employee benefits		606,026	49,598	8,891	664,515	186,577	851,092	775,195
Instructional materials		47,636	-	-	47,636	-	47,636	153,341
Classroom supplies		29,709	-	-	29,709	-	29,709	36,820
Field trips		14,842	-	-	14,842	-	14,842	9,497
Transportation		47,565	-	-	47,565	-	47,565	24,216
Student activities		96,970	-	-	96,970	-	96,970	292,509
Student testing and assessment		13,536	-	-	13,536	-	13,536	14,240
Special education services		-	48,630	-	48,630	-	48,630	50,622
Technology		145,387	-	-	145,387	-	145,387	320,737
Staff development		22,999	-	-	22,999	-	22,999	78,156
Dues and subscriptions		10,859	-	-	10,859	-	10,859	10,327
Utilities		89,573	7,570	1,262	98,405	27,755	126,160	96,483
Insurance		79,083	6,683	1,114	86,880	24,504	111,384	109,422
Office supplies		-	-	-	-	5,066	5,066	7,285
Telephone		8,468	-	-	8,468	-	8,468	17,195
Postage		3,606	-	-	3,606	-	3,606	1,613
Printing and promotion		32,698	-	-	32,698	-	32,698	17,407
Building repair and maintenance		94,635	-	-	94,635	-	94,635	68,103
Contractual services		58,863	-	-	58,863	25,739	84,602	54,117
Professional fees		-	-	-	-	26,116	26,116	27,011
Miscellaneous		118,408	-	-	118,408	-	118,408	100,563
Depreciation		152,458	12,884	2,147	167,489	47,240	214,729	194,081
Interest expense		-	-	-	-	-	-	159
Total expenses		<u>\$ 5,086,250</u>	<u>404,686</u>	<u>63,486</u>	<u>5,554,422</u>	<u>1,393,731</u>	<u>6,948,153</u>	<u>7,242,618</u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL

Statement of Functional Expenses

Year ended June 30, 2022

	No. of <u>positions</u>	<u>Program Services</u>			<u>Management and general</u>	<u>Total</u>
		<u>Regular education</u>	<u>Special education</u>	<u>Other programs</u>		
Salaries:						
Instructional	69.0	\$ 3,216,743	268,227	-	-	3,484,970
Administrative	15.5	-	-	-	888,643	888,643
Non-instructional	1.0	-	-	48,000	-	48,000
Total salaries	<u>85.5</u>	3,216,743	268,227	48,000	888,643	4,421,613
Payroll taxes		263,288	21,954	3,929	72,735	361,906
Employee benefits		563,958	47,025	8,415	155,797	775,195
Instructional materials		153,341	-	-	-	153,341
Classroom supplies		36,820	-	-	-	36,820
Field trips		9,497	-	-	-	9,497
Transportation		24,216	-	-	-	24,216
Student activities		292,509	-	-	-	292,509
Student testing and assessment		14,240	-	-	-	14,240
Special education services		-	50,622	-	-	50,622
Technology		320,737	-	-	-	320,737
Staff development		78,156	-	-	-	78,156
Dues and subscriptions		10,327	-	-	-	10,327
Utilities		70,433	5,789	964	19,297	96,483
Insurance		79,878	6,565	1,095	21,884	109,422
Office supplies		-	-	-	7,285	7,285
Telephone		17,195	-	-	-	17,195
Postage		1,613	-	-	-	1,613
Printing and promotion		17,407	-	-	-	17,407
Building repair and maintenance		68,103	-	-	-	68,103
Contractual services		14,340	-	-	39,777	54,117
Professional fees		-	-	-	27,011	27,011
Miscellaneous		100,563	-	-	-	100,563
Depreciation		141,679	11,645	1,941	38,816	194,081
Interest expense		159	-	-	-	159
Total expenses		<u>\$ 5,495,202</u>	<u>411,827</u>	<u>64,344</u>	<u>1,271,245</u>	<u>7,242,618</u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL
Statements of Cash Flows
Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (407,682)	394,930
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	214,729	194,081
Unrealized (gain) loss on investments	(37,010)	3,074
Changes in:		
Grants and other receivables	513,469	(743,320)
Prepaid expenses	(2,490)	1,506
Accounts payable	(85,962)	122,108
Accrued expenses	(7,381)	84,776
Deferred revenue	<u>(200)</u>	<u>(39,357)</u>
Net cash provided by operating activities	<u>187,473</u>	<u>17,798</u>
Cash flows from investing activities:		
Purchases of property and equipment	(523,190)	(408,636)
Purchases of investments	<u>(72,099)</u>	<u>(1,217,947)</u>
Net cash used in investing activities	<u>(595,289)</u>	<u>(1,626,583)</u>
Cash flows from financing activities - payment of capital lease obligation	<u>-</u>	<u>(24,551)</u>
Net change in cash and cash equivalents	(407,816)	(1,633,336)
Cash and cash equivalents at beginning of year	<u>2,157,871</u>	<u>3,791,207</u>
Cash and cash equivalents at end of year	<u>\$ 1,750,055</u>	<u>2,157,871</u>

See accompanying notes to financial statements.

KING CENTER CHARTER SCHOOL

Notes to Financial Statements

June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

King Center Charter School (the School) was chartered by the Board of Regents of the University at the State of New York (the State) on February 1, 2000 for a term of five years pursuant to Article 56 of the New York State Education Law. As of March 2023, the State extended the School's Charter through July 31, 2028.

Charter schools receive state and Federal public-school funding and must meet all the same state and Federal testing and learning requirements as public schools, yet they operate independently of the local school district, serving as their own local education agency.

The School is governed by a twelve member, uncompensated Board of Directors and has 423 students in kindergarten through eighth grade. The school offers additional opportunities for enrichment activity including after-school and summer programs.

(b) Basis of Accounting

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

(c) Basis of Presentation

The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represent resources available for the general support of the School's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the School. For the years ended June 30, 2023 and 2022, the School recorded net assets with donor restrictions of \$39,834 and \$25,000, respectively, for contributions restricted for use by the athletic department.

(d) Estimates

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

(e) Cash

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

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Concentration of Credit Risk

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

(g) Grants and Other Receivables

Grants and other receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(h) Contracts with Customers

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

Tuition revenue consists of a single performance obligation and revenue is typically recognized when the service is provided. The School contracts with various public school districts to receive funding for student's education. The transaction price is based on a rate per pupil as the service is provided.

(i) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. Generally, property and equipment which has a cost in excess of \$500 at the date of acquisition and has an expected useful life of five years is capitalized.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Long-Lived Assets

The School reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the School compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At June 30, 2023 and 2022, no impairment in value has been recognized.

(k) Public School District Revenue

The School receives per pupil aid which is passed through several school districts. The Buffalo Public School District provides the largest portion of public school district revenue. New York State Education Department mandates the rate per pupil. For the years ended June 30, 2023 and 2022, the per pupil rate was \$13,416 and \$13,308, respectively, for the Buffalo Public School District.

(l) Deferred Revenue and Revenue Recognition

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

(m) Contributed Nonfinancial Assets

Contributed equipment, materials and supplies are reflected in the financial statements based on the fair market value at the time of donation.

Contributed personnel services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the School.

(n) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the School. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(o) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program related expenses are allocated by direct allocation of expenses. Management and general and fundraising expenses are allocated based on level of effort.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Subsequent Events

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

(q) Income Taxes

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

(2) Liquidity

The School has \$2,370,408 of financial assets available within one year of the statement of financial position date consisting of \$1,750,055 of cash and \$620,353 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As more fully described in note 5, the School has a line of credit in the amount of \$200,000 which it could draw upon in the event of an unanticipated liquidity need.

(3) Investments

Financial Instruments

Investments at June 30, 2023 and 2022 consist of U.S. Treasury Securities amounting to \$1,323,982 and \$1,214,873, respectively.

Investments are stated at fair value. The fair value is based on quotations obtained from national securities exchanges. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation or depreciation is included in the statements of activities.

Fair Value Measurement

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 assets and liabilities are those whose inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access. The School holds marketable securities with a quoted price in active markets for identical assets (level 1) of \$1,323,982 and \$1,214,873 at June 30, 2023 and 2022, respectively.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(4) Property and Equipment

Property and equipment are recorded at cost. A summary of property and equipment at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 35,776	35,776
Building	345,828	345,828
Building improvements	5,296,034	4,815,468
Office equipment	47,277	47,277
Instructional equipment	435,288	384,788
Maintenance equipment	19,745	15,746
Construction in progress	16,250	28,125
Vehicles	33,750	33,750
Cafeteria equipment	<u>1,082</u>	<u>1,082</u>
	6,231,030	5,707,840
Less accumulated depreciation	<u>(1,480,396)</u>	<u>(1,265,667)</u>
Net property and equipment	\$ <u>4,750,634</u>	<u>4,442,173</u>

(5) Line of Credit

The School has a \$200,000 line of credit with a local bank with interest payable at 1% above the bank's prime rate (9.25% at June 30, 2023). This is a demand note and substantially all of the School's assets secure the loan. At June 30, 2023 and 2022 there was no balance on the line.

(6) Pension Plan

The School participates in the New York State Teachers' Retirement System (NYSTRS), which is a cost-sharing multiple employer, public employees retirement system. NYSTRS 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.

NYSTRS is administered by the New York State Teachers' Retirement Board and provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

KING CENTER CHARTER SCHOOL
Notes to Financial Statements, Continued

(6) Pension Plan, Continued

NYSTRS is noncontributory, except for employees who joined the System after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary, except that employees in NYSTRS more than ten years are no longer required to contribute. Those joining NYSTRS on or after January 1, 2010 are required to contribute 3.5% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School is required to contribute an actuarially determined rate. The rates for NYSTRS were 10.29% and 9.80% of the annual covered payroll as of June 30, 2023 and 2022, respectively. Required annual contributions of \$386,833 and \$351,040 were paid to NYSTRS by the School for the years ended June 30, 2023 and 2022, respectively.

(7) Defined Contribution Plan

The School sponsors a 401(k) contributory defined contribution plan (the Plan) covering employees who are at least 18 years of age. The employer contribution is calculated based on a pro rata basis of compensation of each eligible participant, but in no event will exceed the lesser of: (a) five percent (5%) of compensation or (b) one-third ($\frac{1}{3}$) of the highest allocation rate for any highly compensated participant for the plan year. The School contributes a percentage of non-instructional employees' salaries to the plan, subject to certain limitations, as determined annually by the Board of Directors. Total expense for the years ended June 30, 2023 and 2022 was \$35,561 and \$34,173, respectively. The School also sponsors a non-contributory tax deferred annuity 403(b) plan. Eligible employees may contribute to the Plan up to the maximum allowed by Internal Revenue Code.

(8) Contingency

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

(9) Escrow Reserve

As set forth in its charter, the School established an escrow reserve in August 2007, in the amount of \$75,000 for the purpose of funding legal and audit fees in the event of dissolution. At June 30, 2023 the amount in escrow was \$77,540 consisting of \$1,037 of cash and \$76,503 of investments in the accompanying statements of financial position. At June 30, 2022 the amount in escrow was \$75,189 and is included in cash in the accompanying statements of financial position.

KING CENTER CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Education - Passed-through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021-23-4025	\$ 240,877	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	0147-23-4025	29,044	-
Student Support and Academic Enrichment Program	84.424	0204-23-4025	18,732	-
COVID-19 Education Stabilization Fund: American Rescue Plan - Elementary and Secondary Emergency Relief Fund (ARP-ESSER)	84.425U	5880-21-4025	543,353	-
Total U.S. Department of Education			\$ 832,006	-

See accompanying notes to schedule of expenditures of federal awards.

KING CENTER CHARTER SCHOOL
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

(1) Basis of Presentation

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

(2) Basis of Accounting

The information is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) Indirect Costs

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
King Center 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 King Center Charter School (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 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 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 King Center 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 31, 2023

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

The Board of Trustees
King Center Charter School:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited King Center Charter School's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 31, 2023

KING CENTER CHARTER SCHOOL
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Part I. - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?

____ Yes X No

2. Significant deficiency(ies) identified?

____ Yes X None reported

3. Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified?

____ Yes X No

5. Significant deficiency(ies) identified?

____ Yes X None reported

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

Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance):

____ Yes X No

7. The School's major program audited was:

Assistance Listing
Number

Name of Federal Program

COVID-19 Education Stabilization Fund -
American Rescue Plan - Emergency and Secondary
Emergency Relief Fund (ARP-ESSER)

84.425U

8. Dollar threshold used to distinguish between Type A and Type B programs.

\$750,000

9. Auditee qualified as low-risk auditee?

____ Yes X No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings or questioned costs.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

KING CENTER CHARTER SCHOOL

Status of Prior Audit Findings

Year ended June 30, 2023

There were no audit findings in the prior year financial statements (June 30, 2022).