

LEGACY COLLEGE PREPARATORY
CHARTER SCHOOL

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

(With Comparative Totals for 2023)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Legacy College Preparatory Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Legacy College Preparatory Charter School, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Legacy College Preparatory Charter School of June 30, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Legacy College Preparatory Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Legacy College Preparatory Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Legacy College Preparatory Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Financial Information

We have previously audited Legacy College Preparatory Charter School's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024 on our consideration of Legacy College Preparatory Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Legacy College Preparatory Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 27, 2024

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(With Comparative Totals for 2023)

<u>ASSETS</u>	June 30,	
	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,827,013	\$ 2,966,922
Grants and contracts receivables	2,494,158	1,564,325
Prepaid expenses	159,924	45,342
Contributions and other receivables	810,467	432,120
TOTAL CURRENT ASSETS	6,291,562	5,008,709
<u>PROPERTY AND EQUIPMENT, net</u>	570,649	911,690
<u>OTHER ASSETS</u>		
Security deposits	1,033,790	1,037,490
Cash in escrow	75,114	75,099
Right-of-use assets - operating	32,636,157	71,651,408
Right-of-use assets - finance	22,398	-
	33,767,459	72,763,997
TOTAL ASSETS	\$ 40,629,670	\$ 78,684,396
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 375,070	\$ 521,367
Accrued payroll and benefits	831,696	638,963
Deferred revenue	-	131,357
Current portion of lease liabilities - operating	3,313,294	1,363,954
Current portion of lease liabilities - finance	10,252	-
TOTAL CURRENT LIABILITIES	4,530,312	2,655,641
<u>OTHER LIABILITIES</u>		
Long-term lease liabilities - operating	30,984,295	71,169,154
Long-term lease liabilities - finance	12,567	-
	30,996,862	71,169,154
TOTAL LIABILITIES	35,527,174	73,824,795
<u>NET ASSETS, without donor restrictions</u>	5,102,496	4,859,601
TOTAL LIABILITIES AND NET ASSETS	\$ 40,629,670	\$ 78,684,396

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

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	Year ended June 30,	
	<u>2024</u>	<u>2023</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 13,942,215	\$ 11,867,797
Students with disabilities	1,505,554	1,385,473
Grants and contracts:		
State and local	47,935	32,009
Federal - Title and IDEA	726,508	611,759
Federal - other	1,176,880	1,147,931
Food Service/Child Nutrition Program	525,316	471,961
NYC DOE Rental Assistance	<u>4,175,722</u>	<u>3,560,339</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	22,100,130	19,077,269
Expenses:		
Program services:		
Regular education	15,669,263	14,152,135
Special education	<u>3,953,860</u>	<u>4,013,762</u>
Total program services	19,623,123	18,165,897
Management and general	<u>2,575,860</u>	<u>1,988,920</u>
TOTAL OPERATING EXPENSES	<u>22,198,983</u>	<u>20,154,817</u>
DEFICIT FROM SCHOOL OPERATIONS	(98,853)	(1,077,548)
Support and other revenue:		
Contributions		
Individuals	500	11,737
Corporations	15,070	400,000
Foundations	187,652	48,600
Miscellaneous income	<u>138,526</u>	<u>34,694</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>341,748</u>	<u>495,031</u>
CHANGE IN NET ASSETS	242,895	(582,517)
Net assets at beginning of year	<u>4,859,601</u>	<u>5,442,118</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,102,496</u>	<u>\$ 4,859,601</u>

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

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	Year ended June 30,					
	2024				2023	
	No. of Positions	Program Services		Sub-total	Supporting Services	
Regular Education		Special Education	Management and General		Total	
Personnel services costs:						
Administrative staff personnel	37	\$ 1,795,102	\$ 531,831	\$ 2,326,933	\$ 1,275,848	\$ 3,602,781
Instructional personnel	75	5,885,029	1,408,586	7,293,615	-	7,293,615
Total salaries and staff	112	7,680,131	1,940,417	9,620,548	1,275,848	10,896,396
Fringe benefits and payroll taxes		1,482,260	374,503	1,856,763	264,359	2,121,122
Retirement		119,762	30,259	150,021	21,359	171,380
Legal services		-	-	-	6,103	6,103
Accounting/Audit services		-	-	-	38,000	38,000
Other Purchased/Professional/ Consulting Services		465,024	126,234	591,258	207,906	799,164
Building rent		3,319,126	838,599	4,157,725	591,572	4,749,297
Repairs and maintenance		-	-	-	-	-
Insurance		80,180	20,258	100,438	14,300	114,738
Supplies/Materials		517,369	130,702	648,071	19,922	667,993
Equipment/Furnishings		9,820	2,481	12,301	1,751	14,052
Staff development		200,067	36,800	236,867	18,814	255,681
Marketing/Recruitment/Retention		81,941	20,702	102,643	9,167	111,810
Technology		61,497	15,538	77,035	10,968	88,003
Food service		598,815	151,273	750,088	-	750,088
Student services		581,843	146,985	728,828	-	728,828
Office expense		130,679	33,017	163,696	27,521	191,217
Depreciation and amortization		340,749	86,092	426,841	60,772	487,613
Other		-	-	-	7,498	7,498
		\$ 15,669,263	\$ 3,953,860	\$ 19,623,123	\$ 2,575,860	\$ 22,198,983
						\$ 20,154,817

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

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 242,895	\$ (582,517)
Adjustments to reconcile change in net assets to net cash (used for)		
provided from operating activities:		
Depreciation and amortization	487,613	335,716
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivables	(929,833)	490,238
Accounts receivable	-	26,713
Prepaid expenses	(114,582)	411,586
Contributions and other receivables	(378,347)	(432,120)
Security deposits	3,700	(22,760)
Accounts payable and accrued expenses	(200,566)	56,307
Accrued payroll and benefits	192,733	57,828
Deferred revenue	(131,357)	131,357
Lease liability, net of right-of-use asset	780,153	881,700
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	(47,591)	1,354,048
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(92,303)	(277,320)
NET CASH USED FOR INVESTING ACTIVITIES	(92,303)	(277,320)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(139,894)	1,076,728
Cash, cash equivalents and restricted cash at beginning of year	3,042,021	1,965,293
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 2,902,127	\$ 3,042,021
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 2,827,013	\$ 2,966,922
Cash in escrow	75,114	75,099
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	\$ 2,902,127	\$ 3,042,021
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable	\$ 54,269	\$ -

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

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

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

Classification of net assets

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

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2024 or 2023.

Revenue and support recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The Charter School records substantially all revenues over time as follows:

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns public school district revenue based on the approved per pupil tuition rate of the public-school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

The following table summarizes contract balances at their respective statement of financial position dates:

	June 30,		
	2024	2023	2022
Accounts receivable	\$ 44,880	\$ -	\$ 26,713
Accounts payable	-	96,915	-

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets related from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no deferred revenue at June 30, 2024. There was \$131,357 reported as deferred revenue at June 30, 2023.

Cash and cash equivalents

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. The Charter School considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of money market accounts. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$75,114 and \$75,099 at June 30, 2024 and 2023, respectively. The agreement requires \$25,000 be placed in escrow each of the first three years of operations and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve.

Grants and contracts receivables

Grants and contracts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for credit losses. There was no allowance for credit losses at June 30, 2024 or 2023.

At each fiscal year end, the Charter School evaluates the need for an expected allowance for credit losses for all outstanding balances that fall under ASU 2014-09. As necessary, the allowance for credit losses is updated at fiscal year-end to reflect any changes in credit risk since the receivable was initially recorded. The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist. The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs for the years ended June 30, 2024 and 2023.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contributions and other receivables

Contributions and other receivables are composed of amounts due from Friends of Legacy for a donation, \$400,000 and expense reimbursements, \$410,467 at June 30, 2024. Contributions and other receivables are composed of amounts due from Friends of Legacy for a donation, \$400,000 and expense reimbursements, \$32,120 at June 30, 2023.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to five years. Leasehold improvements are being amortized over the term of the lease.

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

Contributed Services

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

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the periods ended June 30, 2021 through the year ended June 30, 2024 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing, recruitment and retention costs approximated \$112,000 and \$106,000 for the years ended June 30, 2024 and 2023, respectively.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Comparatives for year ended June 30, 2023

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Leases

The Charter School leases building space and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the accompanying statement of financial position.

ROU assets represent the Charter School's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Charter School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Charter School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Charter School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Adoption of new accounting standard – current expected credit losses

In June 2016, FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Charter School that are subject to the guidance in FASB ASC 326 were receivables.

The Charter School adopted the standard effective July 1, 2023. The impact of adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through September 27, 2024, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2024 and 2023:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,827,013	\$ 2,966,922
Grants and contracts receivables	2,494,158	1,564,325
Contributions and other receivables	<u>810,467</u>	<u>432,120</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 6,131,638</u>	<u>\$ 4,963,367</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 and 2023 consisted of the following:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 87,301	\$ 87,301
Furniture and fixtures	835,431	813,621
Computer equipment	1,062,333	975,164
Machinery and equipment	<u>311,480</u>	<u>273,887</u>
	2,296,545	2,149,973
Less accumulated depreciation	<u>1,725,896</u>	<u>1,238,283</u>
	<u>\$ 570,649</u>	<u>\$ 911,690</u>

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE D: LEASES

Related Party Facility Leases

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

Effective June 28, 2022, the original lease between the Charter School and a third party for an additional facility, 808-810 Cauldwell Avenue, was assigned to Friends of Legacy, Inc. The Charter School entered into a thirty-year sublease with Friends of Legacy, Inc. for these facilities commencing in September 2022 and expiring in September 2052. Effective July 1, 2023, this lease was amended with new monthly escalating lease payments through June 2032. This amendment reduced both the right of use asset and lease liabilities by approximately \$35,500,000. The Charter School's base rent will be approximately \$226,000 per month during the year ending June 30, 2025. The lease has escalating payments throughout the term. The Charter School remains responsible for all payments required to be made to Overlandlord should payments fail to be made by Friends of Legacy, Inc. The lease agreement between the Overlandlord and Friends of Legacy, Inc. was not amended and expires September 2052. The undiscounted cash payments remaining at June 30, 2024 are approximately \$90,000,000.

In conjunction with these facility leases, the Charter School paid security deposits of \$1,033,790 and \$1,037,490 which is included in security deposits on the accompanying statements of financial position at June 30, 2024 and 2023.

Equipment leases

The Charter School entered into non-cancelable lease agreements for office equipment expiring at various dates through August 2025 with total monthly lease payments of approximately \$7,600. The Charter School has a finance lease for office equipment expiring August 2026 with total monthly lease payments of approximately \$920.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024
(With Comparative Totals for 2023)

NOTE D: LEASES, Cont'd

A summary of lease right-of-use assets and liabilities at June 30, 2024 and 2023 are as follows:

		<u>Statement of Financial Position Classification</u>		<u>June 30,</u>	
				<u>2024</u>	<u>2023</u>
<u>Assets</u>					
Operating Leases	Other assets	\$ 32,636,157	\$ 71,651,408		
Finance leases	Other assets	<u>22,398</u>	<u>-</u>		
		<u>\$ 32,658,555</u>	<u>\$ 71,651,408</u>		
<u>Liabilities</u>					
Current:					
Operating Leases	Current liabilities	\$ 3,313,294	\$ 1,363,954		
Finance leases	Current liabilities	<u>10,252</u>	<u>-</u>		
Non-current:					
Operating Leases	Other liabilities	30,984,295	71,169,154		
Finance leases	Other liabilities	<u>12,567</u>	<u>-</u>		
		<u>\$ 34,320,408</u>	<u>\$ 72,533,108</u>		

The components of lease expense were as follows:

		<u>June 30,</u>	
		<u>2024</u>	<u>2023</u>
Finance lease cost:			
Amortization of right-of-use assets		\$ 8,615	\$ -
Interest on lease liabilities		<u>1,007</u>	<u>-</u>
	Total finance lease costs	9,622	-
Operating lease cost			
		<u>4,792,563</u>	<u>5,138,045</u>
	Total lease cost	<u>\$ 4,802,185</u>	<u>\$ 5,138,045</u>

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE D: LEASES, Cont'd

As of June 30, 2024, minimum payments due for lease liabilities for future years are as follows:

	Operating leases	Finance leases	Total
	<u> </u>	<u> </u>	<u> </u>
2025	\$ 4,496,932	\$ 11,040	\$ 4,507,972
2026	4,599,869	11,040	4,610,909
2027	4,731,508	1,840	4,733,348
2028	4,873,453	-	4,873,453
2029	5,019,657	-	5,019,657
Thereafter	<u>15,980,715</u>	<u>-</u>	<u>15,980,715</u>
Total lease payments	39,702,134	23,920	39,726,054
Less: Interest	<u>(5,404,545)</u>	<u>(1,101)</u>	<u>(5,405,646)</u>
Present value of lease liabilities	<u>\$ 34,297,589</u>	<u>\$ 22,819</u>	<u>\$ 34,320,408</u>

Supplemental information for the years ended June 30, 2024 and 2023:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included for the years ended June 30, 2024 and 2023:		
Operating cash flows for operating leases	\$ 4,051,752	\$ 4,221,174
Operating cash flows for finance leases	\$ 920	\$ -
Financing cash flows for finance leases	\$ 7,360	\$ -
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Operating leases	\$ -	\$ 74,469,654
Finance leases	\$ 30,093	\$ -
Weighted-average remaining lease term:		
Operating leases	7.99 years	24.92 years
Finance leases	2.17 years	-
Weighted-average discount rate:		
Operating leases	3.65%	3.15%
Finance leases	4.57%	-

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE E: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE F: CONCENTRATIONS

At June 30, 2024 and 2023, approximately 100% of grants and contracts receivables are due from New York State and federal agencies relating to certain grants.

During the years ended June 30, 2024 and 2023 total revenue, gains and other support came from the following sources:

	June 30,	
	2024	2023
New York City per-pupil	70%	69%
New York City DOE rental assistance	19%	19%
Federal	11%	12%

The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE G: RETIREMENT PLAN

The Charter School sponsors a 403(b) retirement plan (the "Plan") for its employees. All employees who work more than 20 hours per week are immediately eligible to participate in the Plan. Employees can make pretax contributions up to a maximum of 100% of their annual compensation to the Plan, subject to IRS restrictions. Through June 30, 2022, the Charter School matched the employee contribution up to 3% of the employee's annual compensation. Beginning July 1, 2022, the match changed to be between 3% and 10% based upon the employees years of employment. The Charter School contributed approximately \$171,400 and \$148,500 to the Plan for the years ended June 30, 2024 and 2023, respectively.

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE H: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	2024	2023
Undesignated	\$ 4,531,847	\$ 3,947,911
Invested in property and equipment	570,649	911,690
	<u>\$ 5,102,496</u>	<u>\$ 4,859,601</u>

NOTE I: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE J: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized \$1,101,164 and \$1,036,505 of revenue relative to ESSER grants during the years ended June 30, 2024 and 2023, respectively. The Charter School has \$17,317 of ESSER grants still available through September 30, 2024 as of June 30, 2024.

LEGACY COLLEGE PREPARATORY
CHARTER SCHOOL

BRONX, NEW YORK

SCHEDULES REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2024



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

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

Board of Trustees
Legacy College Preparatory Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Legacy College Preparatory Charter School, which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated September 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Legacy College Preparatory Charter School's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Legacy College Preparatory Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Legacy College Preparatory Charter School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Legacy College Preparatory Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 27, 2024



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Legacy College Preparatory Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Legacy College Preparatory Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Legacy College Preparatory Charter School's major federal programs for the year ended June 30, 2024. Legacy College Preparatory Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Legacy College Preparatory Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Legacy College Preparatory Charter School as of and for the year ended June 30, 2024, and have issued our report thereon dated September 27, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 27, 2024

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

	Federal AL Number	Pass-through Grantor's Number	Total Federal Expenditures
U.S. Department of Education:			
<u>Passed through New York State Education Department:</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 404,878
Title IIA - Supporting Effective Instruction State Grant	84.367	0147	64,651
Title III - English Language Learners	84.365	0293	10,796
Title IV- Student Support and Academic Enrichment Program	84.424	0204	34,493
<u>Education Stabilization Funds</u>			
ARP ESSER - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	5880	1,099,047
ESSER HCY - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth	84.425W	5880	2,117
<i>Total Education Stabilization Funds</i>			<u>1,101,164</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			1,615,982
U.S. Department of Agriculture:			
<u>Passed through New York State Education Department:</u>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	320700861114	38,504
National School Lunch Program	10.555	320700861114	457,436
Supply Chain Assistance - COVID	10.555	320700861114	22,931
<i>Total Child Nutrition Cluster</i>			<u>518,871</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>518,871</u>
Federal Communications Commission:			
<u>Passed through the Universal Service</u>			
<u>Administrative Company</u>			
Emergency Connectivity Fund Program-COVID	32.009	221604	8,000
TOTAL FEDERAL COMMUNICATIONS COMMISSION			<u>8,000</u>
TOTAL ALL PROGRAMS			<u>\$ 2,142,853</u>

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Cont'd

YEAR ENDED JUNE 30, 2024

NOTE A: BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of Legacy College Preparatory Charter School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major program:

AL Number:

10.555 / 10.553

Name of Federal Program or Cluster:

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes x no

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd

YEAR ENDED JUNE 30, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

- NONE

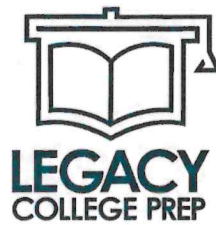
FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- NONE

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

- NONE

Legacy College Prep
808 Cauldwell Ave
Bronx, NY 10456
P: 347-746-1558
www.legacycollegeprep.org



September 27, 2024

Mengel, Metzger, Barr & Co. LLP
Certified Public Accountants
100 Chestnut Street, Suite 1200
Rochester, New York 14604

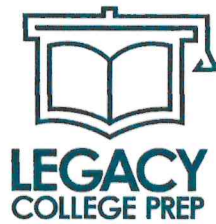
This representation letter is provided in connection with your audit of the financial statements of Legacy College Preparatory Charter School, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that that, in the light of surrounding circumstances, 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.

We confirm that 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 the date of this letter.

Financial Statements

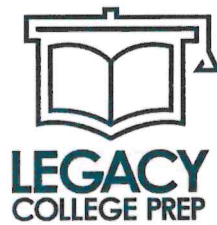
- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 8, 2024, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.



- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
- With respect to financial statement preparation, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted the responsibility for the result of the services performed, and
 - Established and maintained internal controls, including monitoring ongoing activities.
- We have reviewed the Organization's draft financial statements prepared by you based upon financial information we provided to you. We have reviewed all supporting schedules and accept full responsibility for the Organization's financial statements prepared in accordance with U.S. GAAP.
- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Information Provided

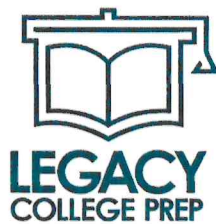
- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audits; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.



- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 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 provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

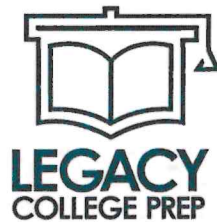
Single Audit

- With respect to federal awards, we represent the following to you:
 1. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
 2. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 3. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 4. As part of your audits, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed,



approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

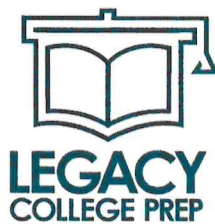
5. The methods of measurement or presentation have not changed from those used in the prior year.
6. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
7. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
8. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
9. When the schedule of expenditures of federal awards is not presented with the audited financial statements, 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 date of issuance by the Organization of the schedule of expenditures of federal awards and the auditor's report thereon.
10. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
11. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
12. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
13. We have received no requests from a federal agency to audit one or more specific programs as a major program.
14. We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
15. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
16. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
17. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).



18. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through Organization, as applicable.
19. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
20. We have charged costs to federal awards in accordance with applicable cost principles.
21. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
22. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
23. The reporting package does not contain personally identifiable information.
24. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
25. We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
26. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

- In addition:

1. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
2. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance have occurred subsequent to the period covered by the auditor's report.
3. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form.



4. To the best of our knowledge and belief, no events have occurred subsequent to the date of the schedule of expenditures of federal awards and through the date of this letter that would require adjustment to or disclosure in the aforementioned schedule of expenditures of federal awards.

Other Representations

- The entity 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.
- We have considered the accounting and reporting requirements of FASB ASC 740-10. We believe there are no material liabilities (or reduction in amounts refundable) required for unrecognized tax benefits related to our tax positions, as defined, and described in FASB ASC 740-10-20.

Very truly yours,

LEGACY COLLEGE PREPARATORY CHARTER SCHOOL

Mr. Jared Parker
Finance Chair

Ms. Summer Schneider
Founder and Executive Director

Ms. Maria Vaz
CFO