

**UNIVERSITY PREPARATORY CHARTER
SCHOOL FOR YOUNG MEN**

FINANCIAL STATEMENTS

June 30, 2024



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, New York

Opinion

We have audited the accompanying financial statements of University Preparatory Charter School for Young Men (a New York State nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University Preparatory Charter School for Young Men 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 University Preparatory Charter School for Young Men'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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

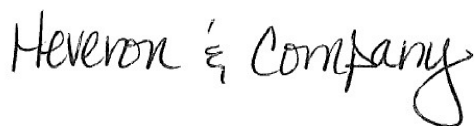
We have previously audited University Preparatory Charter School for Young Men's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2023. In our opinion, the summarized comparative information presented herein, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 25, 2024 on our consideration of University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's internal control over financial reporting and compliance.



Heveron & Company
Certified Public Accountants

Rochester, New York
October 25, 2024

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 3,219,667	\$ 2,768,811
Grants Receivable	1,133,052	600,675
Accounts Receivable	177,641	13,658
Prepaid Expenses	<u>122,960</u>	<u>-</u>
Total Current Assets	<u>4,653,320</u>	<u>3,383,144</u>
<u>Property and Equipment</u>		
Building and Improvements	5,945,313	6,018,858
Furniture and Fixtures	1,051,529	972,429
Vehicles	259,048	177,552
Less: Accumulated Depreciation	<u>(3,694,529)</u>	<u>(3,262,680)</u>
Net Property and Equipment	<u>3,561,361</u>	<u>3,906,159</u>
<u>Other Assets</u>		
Investments	1,562,287	1,500,327
Escrow Account	77,289	77,134
Deposits	<u>100,000</u>	<u>100,000</u>
Total Other Assets	<u>1,739,576</u>	<u>1,677,461</u>
TOTAL ASSETS	<u><u>\$ 9,954,257</u></u>	<u><u>\$ 8,966,764</u></u>

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 109,775	\$ 127,910
Accrued Payroll and Payroll Taxes	1,110,340	999,411
Refundable Advance	<u>37,615</u>	<u>90,000</u>
Total Current Liabilities	<u>1,257,730</u>	<u>1,217,321</u>
Total Liabilities	<u>1,257,730</u>	<u>1,217,321</u>
<u>Net Assets</u>		
Without Donor Restrictions:		
Undesignated	8,685,908	7,738,824
With Donor Restrictions:		
Purpose Restrictions	<u>10,619</u>	<u>10,619</u>
Total Net Assets	<u>8,696,527</u>	<u>7,749,443</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,954,257</u>	<u>\$ 8,966,764</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2024</u>	<u>2023</u>
<u>Revenue and Other Support</u>				
Public School District:				
Resident Student Enrollment	\$ 6,942,329	\$ -	\$ 6,942,329	\$ 5,859,230
Students with Disabilities	588,017	-	588,017	491,825
Federal Grants - Title and IDEA	535,534	-	535,534	450,263
Federal Grants - Other	2,798,391	-	2,798,391	799,888
State Grants:				
In-Kind State Grants	40,227	-	40,227	42,530
Other Grants and Contributions	52,385	-	52,385	124,377
Other Income	<u>817</u>	<u>-</u>	<u>817</u>	<u>12,141</u>
Total Revenue and Other Support	<u>10,957,700</u>	<u>-</u>	<u>10,957,700</u>	<u>7,780,254</u>
<u>Expenses</u>				
Program Expenses:				
Regular Education	7,697,462	-	7,697,462	5,931,520
Special Education	<u>670,205</u>	<u>-</u>	<u>670,205</u>	<u>678,580</u>
Total Program Expenses	<u>8,367,667</u>	<u>-</u>	<u>8,367,667</u>	<u>6,610,100</u>
Supporting Services:				
Management and General	<u>1,611,302</u>	<u>-</u>	<u>1,611,302</u>	<u>1,489,124</u>
Total Expenses	<u>9,978,969</u>	<u>-</u>	<u>9,978,969</u>	<u>8,099,224</u>
Change in Net Assets Before Other Income/(Expenses)	<u>978,731</u>	<u>-</u>	<u>978,731</u>	<u>(318,970)</u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

(Continued)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u> 2024	<u>2023</u>
<u>Other Income/(Expenses)</u>				
Interest and Dividend Income	101,265	-	101,265	14,732
Net Investment Return	11,522	-	11,522	(1,107)
Loss on Abandoned Project/Building Purchase	<u>(144,434)</u>	<u>-</u>	<u>(144,434)</u>	<u>-</u>
Total Other Income/(Expenses)	(31,647)	-	(31,647)	13,625
Change in Net Assets	<u>947,084</u>	<u>-</u>	<u>947,084</u>	<u>(305,345)</u>
Net Assets - Beginning of Year	<u>7,738,824</u>	<u>10,619</u>	<u>7,749,443</u>	<u>8,054,788</u>
Net Assets - End of Year	<u>\$ 8,685,908</u>	<u>\$ 10,619</u>	<u>\$ 8,696,527</u>	<u>\$ 7,749,443</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

		<u>Program Services</u>		<u>Management and General</u>	<u>Totals</u>	
	<u>2024 No. of Positions</u>	<u>Regular Education</u>	<u>Special Education</u>		<u>2024</u>	<u>2023</u>
Personnel Service Costs						
Instructional Personnel	60	\$ 3,456,581	\$ 432,477	\$ -	\$ 3,889,058	\$ 3,364,800
Non-Instructional Personnel	7	223,327	-	9,305	232,632	206,130
Administrative Personnel	<u>21</u>	<u>627,812</u>	<u>7,973</u>	<u>916,468</u>	<u>1,552,253</u>	<u>1,431,222</u>
Total Salaries and Wages	88	4,307,720	440,450	925,773	5,673,943	5,002,152
Fringe Benefits and Payroll Taxes		844,245	86,321	181,437	1,112,003	1,030,823
Retirement		<u>255,342</u>	<u>33,380</u>	<u>172,027</u>	<u>460,749</u>	<u>426,534</u>
Total Personnel Services		5,407,307	560,151	1,279,237	7,246,695	6,459,509
Other Purchased Services		498,689	50,989	67,254	616,932	398,998
Depreciation		399,028	-	32,821	431,849	412,423
Supplies		360,507	-	-	360,507	197,426
Occupancy Expense		201,365	23,671	24,171	249,207	13,430
Technology		148,636	-	49,545	198,181	23,315
Repairs and Maintenance		172,591	-	12,291	184,882	121,576
Student Services		118,428	12,109	-	130,537	164,106
Utilities		111,349	-	4,640	115,989	125,621
Office Expense		73,902	7,558	23,525	104,985	73,788
Staff Development		95,001	9,714	-	104,715	24,072
Contributions to Foundation		-	-	64,000	64,000	-
Insurance		51,850	-	4,265	56,115	35,639
Other Expenses		38,656	3,952	-	42,608	814

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

(Continued)

	<u>Program Services</u>		<u>Management and General</u>	<u>Totals</u>	
	<u>Regular Education</u>	<u>Special Education</u>		<u>2024</u>	<u>2023</u>
Legal	-	-	30,693	30,693	20,848
Marketing	20,153	2,061	-	22,214	10,447
Accounting	-	-	17,160	17,160	15,500
Food	-	-	1,700	1,700	1,712
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 7,697,462</u>	<u>\$ 670,205</u>	<u>\$ 1,611,302</u>	<u>\$ 9,978,969</u>	<u>\$ 8,099,224</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Cash Flow From Operating Activities</u>		
Receipts from School Districts	\$ 7,311,631	\$ 6,563,501
Federal and State Grant Receipts	2,789,390	985,171
Food Service Fees	-	59,333
Other Grants and Contributions	52,385	124,377
Miscellaneous Sources	88,474	26,576
Payments to Charter School Personnel for Services Rendered	(7,135,766)	(5,920,740)
Payments to Vendors for Goods and Services Rendered	<u>(2,386,786)</u>	<u>(1,207,145)</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>719,328</u>	<u>631,073</u>
<u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	(231,487)	(377,004)
Proceeds from Investments	13,608	-
Purchase of Investments	<u>(50,438)</u>	<u>(1,501,138)</u>
Net Cash Flow Provided/(Used) By Investing Activities	<u>(268,317)</u>	<u>(1,878,142)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents, and Restricted Cash	451,011	(1,247,069)
Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	<u>2,845,945</u>	<u>4,093,014</u>
Cash and Cash Equivalents, and Restricted Cash - End of Year	<u><u>\$ 3,296,956</u></u>	<u><u>\$ 2,845,945</u></u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2024 and 2023
(Continued)

	<u>2023</u>	<u>2023</u>
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$ 947,084	\$ (305,345)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided/(Used) by Operating Activities:		
Depreciation	431,849	412,423
Loss on Abandoned Project/Building Purchase	144,434	-
Realized/Unrealized (Gain)/Loss on Investment	(25,130)	810
(Increase)/Decrease In:		
Accounts Receivable	(163,983)	218,724
Grants Receivable	(532,377)	(389,341)
Prepaid Expenses	(122,960)	-
Increase/(Decrease) In:		
Accounts Payable	(18,133)	74,879
Accrued Payroll and Payroll Taxes	110,929	538,769
Refundable Advance	<u>(52,385)</u>	<u>80,154</u>
Net Cash Flows Provided/(Used) By Operating Activities	<u>\$ 719,328</u>	<u>\$ 631,073</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

University Preparatory Charter School for Young Men (the School) is a nonprofit educational organization in Rochester, New York. It was formed to be a small school for young men with personalized attention for each student. The School provides a safe and secure learning environment where respect and compassion are values for adults and students for grades 6-12. The School obtains its support directly and indirectly from organizations and government agencies in the community.

The main programs of the School are as follows:

REGULAR EDUCATION: The School curriculum encourages and promotes young men to be involved, to be active in their learning, and to learn together. The School provides preparation not just for graduation, but for success in college. It is also a place for young men to play sports and engage in exciting, healthy, extracurricular activities. All courses align with the New York State Learning Standards.

SPECIAL EDUCATION: In accordance with the Individuals with Disabilities Education Act, the Rehabilitation Act, Section 504, and the Americans with Disabilities Act, the School provides a free and appropriate education, in the least restrictive environment to students with disabilities. The primary service delivery for students with special needs is inclusion. For students requiring supplemental services, the School has employees on staff to provide the required services outlined in the student's Individual Education Plan or 504 Plan.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the School reports information regarding its financial position and activities according to 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.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS

June 30, 2024
(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Net Assets (Continued)

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 that 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.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for and, if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determines the allowance for uncollectible accounts receivable based on historical information adjusted for current conditions, and reasonable and supportable forecasts. Management determined that no allowances were necessary at June 30, 2024 and 2023.

Grants and Contributions Receivable

Grants and contributions receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts based on its assessment of the current status of receivables from grants, agencies, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off. There was no allowances for doubtful accounts at June 30, 2024 and 2023.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Revenue and Revenue Recognition

A portion of the 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 school has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The School did not receive cost-reimbursable grants that have not been recognized for June 30, 2024. The School received cost-reimbursable grants of \$820,477 that have not been recognized at June 30, 2023. This is because qualifying expenditures have not yet been incurred, with an advance payment of \$37,615 and \$90,000, for June 30, 2024 and 2023, respectively, recognized in the statement of financial position as a refundable advance.

The School recognizes revenue derived from tuition and food service. Tuition income is recognized during the school year based on enrollment. Food service revenue is recognized when earned at the time of service.

Contributions

The School recognizes contributions when cash, securities or other assets, an unconditional promise to give or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. 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 met.

Income Taxes

The Internal Revenue Service has determined that the School is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for federal or state income taxes has been made.

Advertising

Advertising costs are expensed as incurred.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. 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 School's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Property and Equipment

Property and equipment are stated at cost. The School capitalizes property and equipment with a unit cost of over \$2,000 or a bundle cost of over \$20,000 and an estimated life of more than two years. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows.

	<u>Years</u>
Building and Improvements	20
Furniture and Fixtures	3-5
Vehicles	5

Depreciation expense amounted to \$431,849 and \$412,423 for the years ended June 30, 2024 and 2023, respectively.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, and management and general categories. An immaterial amount of fundraising costs for the years ended June 30, 2024 and 2023 are included in management and general expenses.

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated include occupancy, repairs and maintenance, insurance and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, other purchased services, student services, supplies, office expenses, and other expenses, which are allocated on the basis of time and effort for each category.

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a framework 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). The three levels of the fair value hierarchy are described below:

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Determining Fair Value of Financial Assets and Liabilities (Continued)

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used, need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Reclassifications

Certain account balances as of June 30, 2023 have been reclassified to conform with the presentation as of June 30, 2024.

Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the accounting for lease expenses. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. During the year ended June 30, 2023 the School adopted ASU 2016-02 for its leasing arrangements, along with the practical expedient, which allows modifications of contracts to be applied at the time of adoption. This required recognition had no current impact to the School's statements of financial position.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Recent Accounting Pronouncements (Continued)

On January 1, 2023, the Organization adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Organization adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective transition approach for all financial assets. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. This required recognition had no current impact to the Organization's financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

At June 30, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,219,667	\$ 2,768,811
Accounts receivable	177,641	13,658
Grants receivable	1,133,052	600,675
Less donor restricted net assets	<u>(10,619)</u>	<u>(10,619)</u>
Total	<u>\$ 4,519,741</u>	<u>\$ 3,372,525</u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(Continued)

NOTE 3 - EMPLOYEE BENEFIT PLAN

The School has a 403(b) retirement plan. Eligible employees can make contributions to the plan. Employees are fully and immediately vested in all contributions. The School will make non-elective contributions at the Board's discretion. Employer contributions for the years ended June 30, 2024 and 2023 were \$48,750 and \$41,000, respectively.

During the year ended June 30, 2023, the School joined the New York State Teachers' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employers are required to contribute at an actuarially determined rate. The rate applicable to the fiscal year ended June 30, 2024 and 2023 was 9.76% and 10.29%. The retirement contribution expense totaled \$455,757 and \$385,534 for the years ended June 30, 2024 and 2023, respectively.

NOTE 4 - SPECIAL EDUCATION AND OTHER SUPPORT

Some of the special education services required by students of the School are provided by the Rochester City School District. The Rochester City School District also provides transportation. The School was unable to determine a value for these services; thus, these financial statements do not reflect revenue or expenses associated with those services.

Additionally, the School does provide certain special education services with its own staff and facilities.

The School also receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Rochester City School District. The total aid received for the years ended June 30, 2024 and 2023 was \$40,227 and \$42,530, respectively. The value of this aid is provided by Rochester City School District and is based on original cost.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2024
(Continued)

NOTE 5 - CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

For the purposes of the statements of cash flows, cash and cash equivalents include all cash on hand and in banks, which at times, may exceed federally insured limits. The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certain of these accounts are not federally insured. The School has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

The School maintains cash in an escrow account in accordance with the terms of their charter agreement. The escrow is restricted to fund legal and other costs related to the dissolution of the School.

Cash and cash equivalents, and restricted cash consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Checking	\$ 3,202,637	\$ 2,754,789
Savings and Money Market	<u>17,030</u>	<u>14,022</u>
Subtotal - Cash and Cash Equivalents	3,219,667	2,768,811
Restricted Cash - Escrow Account	<u>77,289</u>	<u>77,134</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u><u>\$ 3,296,956</u></u>	<u><u>\$ 2,845,945</u></u>

NOTE 6 - DONATED SERVICES AND GOODS

The School receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the years ended June 30, 2024 and 2023, 9 and 10 active volunteers provided 270 and 220 hours of service.

The School's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the School. If an asset is provided that does not allow the School to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by an appraisal or by a specialist depending on the type of asset. Contributed nonfinancial assets may include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Contributed goods and services are recorded at fair value at the date of donation. The School does not sell donated gifts-in-kind.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(Continued)

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Career and Technical Education Program	\$ 7,500	\$ 7,500
Technology	<u>3,119</u>	<u>3,119</u>
Total Net Assets with Donor Restrictions	<u>\$ 10,619</u>	<u>\$ 10,619</u>

NOTE 8 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Investments are held in investment funds managed by professional investment advisors. A summary of investments at market value at June 30 are as follows:

2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market	\$ 14,456	\$ -	\$ -	\$ 14,456
US Treasury Securities	<u>1,547,831</u>	<u>-</u>	<u>-</u>	<u>1,547,831</u>
Totals	<u>\$ 1,562,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,562,287</u>

2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market	\$ 1,108,625	\$ -	\$ -	\$ 1,108,625
US Treasury Securities	<u>391,702</u>	<u>-</u>	<u>-</u>	<u>391,702</u>
Totals	<u>\$ 1,500,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,327</u>

Bond investment values are determined by the closing bid price on the last business day of the fiscal year if actively traded.

There were no changes in the valuation techniques during the year.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024
(Continued)**

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 25, 2024, which is the date the statements were available for issuance.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN

FEDERAL FINANCIAL ASSISTANCE

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024



**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***

Independent Auditors' Report

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, NY

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 University Preparatory Charter School for Young Men (a New York State nonprofit organization) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and functional expenses, the cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's internal control. Accordingly, we do not express an opinion on the effectiveness of University Preparatory Charter School for Young Men'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.

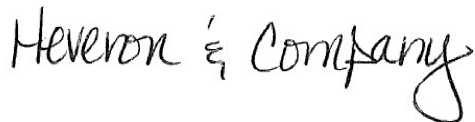
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 University Preparatory Charter School for Young Men's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.



Heveron & Company
Certified Public Accountants

Rochester, New York
October 25, 2024



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

Independent Auditors' Report

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, NY

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

We have audited University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's major federal programs for the year ended June 30, 2024. University Preparatory Charter School for Young Men'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, University Preparatory Charter School for Young Men 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 University Preparatory Charter School for Young Men 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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on University Preparatory Charter School for Young Men's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. University Preparatory Charter School for Young Men's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001, to be a material weakness.

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 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.

Government Auditing Standards requires the auditor to perform limited procedures on University Preparatory Charter School for Young Men's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. University Preparatory Charter School for Young Men's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Heveron & Company

Heveron & Company
Certified Public Accountants

Rochester, New York
October 25, 2024

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

The auditors' report expresses an unmodified opinion on the general-purpose financial statements of University Preparatory Charter School for Young Men.

No material weaknesses were identified in the internal controls over financial reporting.

No significant deficiencies were identified in the internal controls over financial reporting.

No instances of noncompliance material to the financial statements of University Preparatory Charter School for Young Men were disclosed during the audit.

Federal Awards

The auditors' report on compliance for major programs expresses an unmodified opinion.

One material weakness was identified in the internal control over major programs.

No significant deficiencies were identified in the internal controls over major programs.

There is one audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a).

Identification of Major Programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief

Dollar Threshold used to distinguish between type A and type B programs:	\$ 750,000
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The auditee did qualify as a low-risk auditee

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

2024-001

Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19 - Assistance Listing No. 84.425D; Grant Period: Year Ended June 30, 2024 and American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - COVID-19 - Assistance Listing No. 84.425U; Grant Period: Year Ended June 30, 2024

Criteria and Condition: The School is required to submit an annual performance report with data on expenditures, planned expenditures, subrecipients, and use of funds. Additionally, grant recipients must have controls in place to ensure the information submitted on the report is accurate. We found the School did not have adequate internal controls in place to ensure compliance with the Act.

Context: The School filed the annual report which included expenses under two grant, ESSER and ARP ESSER. The total expenses reported for the reporting period were \$310,463 for ESSER and \$675,415 for ARP ESSER. Actual expenses under ESSER and ARP ESSER for the reporting period were \$166,786 and \$633,101, respectively. Thus, total expenses were overstated by \$185,991. The School did not have controls in place to ensure reporting was accurate.

Effect: This resulted in a report filed with inaccurate information.

Cause: Review of the report prior to submission was not complete enough to identify and correct the error, and thus, the School did not have proper controls in place to ensure all compliance requirements were met.

Recommendation: The School should ensure that processes are in place to understand reporting requirements and ensure that the data being reported is accurate.

Views of responsible officials and planned corrective actions: The School is in the process of reviewing the reporting requirements and implementing controls to ensure compliance with the Act.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section III - Federal Award Findings and Questioned Costs (Continued)

2024-002

Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19 - Assistance Listing No. 84.425D; Grant Period: Year Ended June 30, 2024 and American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - COVID-19 - Assistance Listing No. 84.425U; Grant Period: Year Ended June 30, 2024

Criteria and Condition: The School is required to submit an annual performance report with data on expenditures, planned expenditures, subrecipients, and use of funds. Additionally, the grant recipients must ensure the information submitted on the report is accurate. We found the School did not comply with the Act.

Context: The School filed the annual report which included expenses under two grants, ESSER and ARP ESSER. The total expenses reported for the reporting period were \$310,463 for ESSER and \$675,415 for ARP ESSER. Actual expenses under ESSER and ARP ESSER for the reporting period were \$166,786 and \$633,101, respectively. Thus, total expenses were overstated by \$185,991.

Effect: This resulted in a report filed with inaccurate information.

Cause: The School was not aware of the requirements of the Act.

Recommendation: The School should ensure that the data being reported is accurate.

Views of responsible officials and planned corrective actions: The School is in the process of reviewing the reporting requirements and implementing controls to ensure compliance with the Act.



University Preparatory Charter School
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Latresha Fuller, Chief Academic Officer
Latresha.Fuller@uprep.org

To Heveron & Company
Re: University Preparatory Charter School for Young Men
Financial Audit Corrective Action Plan
7/1/23 – 6/30/24

Dear Heveron & Company,

We have reviewed the draft audit report and have met with your team to review the findings and recommendations. We are in agreement with all recommendations.

The Board and School Officials have developed a comprehensive corrective action plan to address the findings and recommendations. For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. We will continue to improve our financial systems and operations.

Audit Recommendation 2024-001:

- *The School should ensure that processes are in place to understand reporting requirements that ensure that the data being reported is accurate.*

The Implementation Plan of Action(s):

- Elementary and Secondary School Emergency Relief Fund (ESSER) and American Rescue Plan (ARP ESSER) reports are conducted by a 3rd party agency. To ensure accuracy, they will be monitored internally; reviewed and approved prior to the final submission/upload of the report. Reports will not be submitted without final approval of School Officials.

Implementation Date:

- This change will be reflected in the upcoming 2025 annual report. Control processes will be communicated between the School and the 3rd party reporting agency.

Person Responsible for Implementation:

- This process will be managed by the Director of Business and reviewed by the Chief Financial Officer.



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Audit Recommendation 2024-002:

- *The School should ensure that the data being reported is accurate.*

The Implementation Plan of Action(s):

- Both ESSER and ARP ESSER reports are conducted by a 3rd party agency. To ensure accuracy, they will be monitored internally; reviewed and approved prior to the final submission/upload of the report. Reports will not be submitted without final approval of School Officials.

Implementation Date:

- This change will be reflected in the upcoming 2025 annual report. Control processes will be communicated between the School and the 3rd party reporting agency.


Person Responsible for Implementation:

- This process will be managed by the Director of Business and reviewed by the Chief Financial Officer.

Signed:



Walter Larkin, Jr.
Chief Executive Officer



Date

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024

<u>Federal Grantor/Program Title/Pass Through Grantor</u>	<u>Federal AL Number</u>	<u>Agency or Pass Through Number</u>	<u>Passed Through to Sub-recipients</u>	<u>Expenditures</u>
<u>United States Department of Education</u>				
Title I Grants to Local Educational Agencies				
Passed Through New York				
State Education Department	84.010	261600860985	\$ -	\$ 356,442
Supporting Effective Instruction				
State Grants				
Passed Through New York				
State Education Department	84.367	261600860985	-	37,691
Student Support and Academic				
Enrichment Program				
Passed Through New York				
State Education Department	84.424	261600860985	-	20,538
Strengthening Institutions Program				
Passed Through New York				
State Education Department	84.031	261600860985	-	728
COVID-19 Elementary and Secondary				
School Emergency Relief Fund				
Passed Through New York State				
Education Department	84.425D	261600860985	-	138,058
COVID-19 American Rescue Plan -				
Elementary and Secondary School				
Emergency Relief Passed Through				
New York State Education				
Department	84.425U	261600860985	-	592,418
Total United States Department of Education			-	1,145,875
Total Federal Expenditures			\$ -	\$ 1,145,875

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024

Note 1 - Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of University Preparatory Charter School for Young Men under programs of the federal government for the year ended June 30, 2024. 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). Because the Schedule presents only a selected portion of the operations of University Preparatory Charter School for Young Men, it is not intended to and does not present the financial position, change in net assets, or cash flows of University Preparatory Charter School for Young Men.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. University Preparatory Charter School for Young Men has not yet elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.