

AMANI PUBLIC CHARTER SCHOOL

MOUNT VERNON, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY
GOVERNMENT AUDIT STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

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
Amani Public Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Amani Public 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 Amani Public Charter School as 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 Amani Public 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Amani Public 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 Amani Public 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 Amani Public 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 Information

We have previously audited Amani Public 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 16, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2024 on our consideration of Amani Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Amani Public Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 7, 2024

AMANI PUBLIC CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

<u>ASSETS</u>	June 30,	
	2024	2023
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 754,303	\$ 1,071,397
Grants and other receivables	910,059	1,034,102
Prepaid expenses and other current assets	24,902	22,703
TOTAL CURRENT ASSETS	1,689,264	2,128,202
<u>OTHER ASSETS</u>		
Cash in escrow	100,000	100,000
Property and equipment, net	413,775	514,472
Right-of-use assets	5,038,446	5,963,928
	5,552,221	6,578,400
TOTAL ASSETS	\$ 7,241,485	\$ 8,706,602
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 72,237	\$ 67,667
Accrued expenses	72,009	91,587
Accrued payroll and benefits	224,552	347,938
Current portion of lease liabilities	1,030,820	1,010,126
Deferred revenue	14,741	14,741
TOTAL CURRENT LIABILITIES	1,414,359	1,532,059
<u>LONG-TERM LIABILITIES</u>		
Long-term lease liabilities	4,952,485	5,983,304
TOTAL LIABILITIES	6,366,844	7,515,363
<u>NET ASSETS</u>		
Without donor restrictions	847,491	1,151,902
With donor restrictions	27,150	39,337
TOTAL NET ASSETS	874,641	1,191,239
TOTAL LIABILITIES AND NET ASSETS	\$ 7,241,485	\$ 8,706,602

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

AMANI PUBLIC CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Year Ended June 30,			
	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenue and support:				
State and local per pupil operating revenue	\$ 6,630,714	\$ -	\$ 6,630,714	\$ 6,618,372
Governmental grants	572,109	-	572,109	951,119
Contributions	18,699	-	18,699	51,933
Contributed educational services	59,093	-	59,093	59,093
Other income	53,992	-	53,992	13,447
Net assets released from restriction	12,187	(12,187)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	7,346,794	(12,187)	7,334,607	7,693,964
Expenses:				
Program:				
Regular education	4,968,241	-	4,968,241	5,651,260
Special education	821,606	-	821,606	1,283,709
Management and general	1,794,329	-	1,794,329	1,364,907
Fundraising and special events	67,029	-	67,029	52,422
TOTAL EXPENSES	7,651,205	-	7,651,205	8,352,298
CHANGE IN NET ASSETS	(304,411)	(12,187)	(316,598)	(658,334)
Net assets at beginning of year	1,151,902	39,337	1,191,239	1,849,573
NET ASSETS AT END OF YEAR	\$ 847,491	\$ 27,150	\$ 874,641	\$ 1,191,239

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

AMANI PUBLIC CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

	Year ended June 30, 2024							Year Ended June 30, 2023 <u>Total</u>	
	No. of positions	Program Services			Supporting Services				
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total		Total
Personnel Service Costs:									
Administrative Staff	23	\$ 785,055	\$ 58,478	\$ 843,533	\$ 725,350	\$ 38,496	\$ 763,846	\$ 1,607,379	\$ 1,430,141
Instructional Personnel	21	1,554,769	375,137	1,929,906	-	-	-	1,929,906	2,583,597
Non-instructional Personnel	7	228,844	17,046	245,890	26,110	-	26,110	272,000	316,035
Total Salaries and Wages	51	2,568,668	450,661	3,019,329	751,460	38,496	789,956	3,809,285	4,329,773
Fringe benefits & payroll taxes		567,670	99,595	667,265	166,072	8,508	174,580	841,845	1,076,660
Retirement		51,151	8,974	60,125	14,963	767	15,730	75,855	54,089
Legal service		-	-	-	19,362	-	19,362	19,362	14,717
Accounting / Audit services		-	-	-	324,514	-	324,514	324,514	127,281
Other Purchased / Professional / Consulting services		269,001	24,239	293,240	123,862	624	124,486	417,726	402,820
Building and land rent / Lease		709,672	124,509	834,181	207,614	10,636	218,250	1,052,431	1,052,431
Repairs and maintenance		59,622	10,460	70,082	17,443	894	18,337	88,419	77,910
Insurance		41,222	7,232	48,454	12,059	618	12,677	61,131	57,141
Utilities		87,707	15,388	103,095	25,660	1,314	26,974	130,069	136,417
Supplies / Materials		21,594	3,789	25,383	6,317	324	6,641	32,024	90,185
Equipment / Furnishings		3,235	568	3,803	946	48	994	4,797	8,939
Staff development		49,210	5,640	54,850	13,840	292	14,132	68,982	71,996
Marketing / Recruitment		64,523	8,874	73,397	11,787	604	12,391	85,788	26,112
Technology		98,872	14,561	113,433	20,851	1,068	21,919	135,352	98,251
Food service		124,393	9,266	133,659	-	-	-	133,659	125,519
Student services		71,783	6,285	78,068	2,717	139	2,856	80,924	296,281
Office expense		80,756	14,168	94,924	23,625	1,210	24,835	119,759	136,398
Depreciation and amortization		79,372	13,925	93,297	23,220	1,190	24,410	117,707	139,686
Other		19,790	3,472	23,262	28,017	297	28,314	51,576	29,692
		<u>\$ 4,968,241</u>	<u>\$ 821,606</u>	<u>\$ 5,789,847</u>	<u>\$ 1,794,329</u>	<u>\$ 67,029</u>	<u>\$ 1,861,358</u>	<u>\$ 7,651,205</u>	<u>\$ 8,352,298</u>

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

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Amani Public Charter School (“the Charter School”) is an educational corporation that operates as a charter school in Mount Vernon, New York. On December 14, 2010, the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. The Charter was renewed for the third time in April 2022 for a term of four years through June 30, 2026. The Charter School was established to provide its students in grades 5-8 with the academic skills necessary to succeed in competitive high school programs, college and career of their choice.

Basis of accounting

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

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 organizations. 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.

Net assets, revenues, gains, and losses 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 over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School.

Net Assets With Donor Restrictions

Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by 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.

Revenue 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.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

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

The Charter School records revenues both over time and at a point in time as follows:

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenues earned over time	\$ 6,686,220	\$ 6,382,968
Revenues earned at a point in time	<u>29,260</u>	<u>12,779</u>
	<u>\$ 6,715,480</u>	<u>\$ 6,395,747</u>

State and local per pupil revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil 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 Charter 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. Receivables relating to per pupil funding are included in grants and other receivables on the accompanying statement of financial position. Per pupil funding received in excess of amounts recognized are recorded as deferred revenues.

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

	<u>June 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Receivables relating to Per Pupil funding	\$ 333,137	\$ 395,643	\$ 1,154,853
Deferred revenues	\$ -	\$ -	\$ 303,996

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.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

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

Contributions, including unconditional promises to give, are recognized as revenues in the period received. A contribution that is received and expended in the same year for a specified purpose is classified as revenue without donor restrictions. Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, 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 as net assets released from restrictions.

Special events

The Charter School conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - the exchange component, and a portion represents a contribution to the Charter School. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Charter School. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Charter School, are recorded as fundraising expense in the statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Charter School. Special event fees collected by the Charter School in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Charter School follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

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 \$14,741 of deferred revenues relating to cost-reimbursement grants at June 30, 2024 and 2023. There are no cost-reimbursement grants that have not been recognized because qualifying expenditures have not yet been incurred at June 30, 2024.

Cash and cash equivalents

Cash and cash equivalents are maintained at financial institutions located in Mount Vernon, New York and are insured by the FDIC 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.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

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

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 754,303	\$ 1,071,397
Cash in escrow	100,000	100,000
	<u>\$ 854,303</u>	<u>\$ 1,171,397</u>

Cash in escrow

The Charter School maintained cash in an escrow account in accordance with the terms of its Charter agreement.

Grants and other receivables

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.

Property and equipment

Property and equipment are recorded at cost. Depreciation is 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 fifteen years.

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.

Leases

The Charter School leases its facility and certain office equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the accompanying statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the accompanying statement of financial position. There were no finance leases at June 30, 2024 and 2023.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

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

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, and for finance leases, as amortization expense and interest expense.

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

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

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 has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

The Charter School files tax returns in various jurisdictions and is subject to potential examination by taxing authorities. The Charter School's current and prior three years tax returns remain subject to review by taxing authorities. Management of the Charter School believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed.

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$86,000 and \$26,000 for the years ended June 30, 2024 and 2023, respectively.

Accounting/Audit services

Accounting/Audit services is made up of expenses for financial management services as well as professional service expenses related to the annual financial statement audit.

Other purchased/professional/consulting services

Other purchased/professional/consulting services primarily consists of professional service expenses related to substitutes, technology, security, regular and special education consultants, and payroll services.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

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

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.

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.

Adoption of new accounting standard – credit losses

In June 2016, the 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 to the expected 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 7, 2024, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

NOTE B: GIFTS-IN-KIND

The Charter School received contributed educational services of approximately \$59,000 for both of the years ended June 30, 2024 and 2023, which are included in the accompanying statements of activities and changes in net assets. These educational services are valued at the estimated fair value based on current rates for similar educational services. There were no associated donor restrictions with the contributed services. See the table below for program utilization:

<u>Program or Supporting Service</u>	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Regular education	\$ 39,846	\$ 39,720
Special education	6,991	10,110
Management and general	11,659	8,831
Fundraising	597	432
Total	<u>\$ 59,093</u>	<u>\$ 59,093</u>

NOTE C: 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 education 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 has approved a surplus budget for 2025 and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

NOTE C: LIQUIDITY AND AVAILABILITY, Cont'd

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	\$ 754,303	\$ 1,071,397
Grants and other receivables	<u>910,059</u>	<u>1,034,102</u>
Total financial assets available within one year	1,664,362	2,105,499
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(27,150)</u>	<u>(39,337)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,637,212</u>	<u>\$ 2,066,162</u>

NOTE D: LEASES

Beginning September 1, 2014, the Charter School leases its facilities from T & Z Partners, Inc. through August 30, 2029 with the option to renew for an additional 15 years. Current monthly rental payments are \$94,674. Other expenses in excess of the first year's base costs will be paid for by the Charter School. Starting April 1, 2016, base rent will increase every year by the Per Pupil Funding rate increase up to 3%, as indicated by the New York State Education Department. In years where the Per Pupil Funding is below 3% the remaining amount will be deferred to a period where the rate is above 3% and be included in base rent for that lease year. Total rent expense was approximately \$1,052,000 for both of the years ended June 30, 2024 and 2023. Total approximate square footage usage for all facilities as of June 30, 2024 and 2023 was 45,000.

The Charter School also leases office equipment under lease agreements that expire at various dates through October 2027 with total current monthly payments of \$9,661. Total lease expense, including overage charges, for the years ended June 30, 2024 and 2023 was approximately \$80,500 and \$94,300, respectively.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

NOTE D: LEASES, Cont'd

A summary of lease right-of-use assets and liabilities are as follows:

	<u>Statement of Financial Position Classification</u>	<u>June 30,</u>	
		<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Right-of-use assets - operating	Other assets	<u>\$ 5,038,446</u>	<u>\$ 5,963,928</u>
<u>Liabilities</u>			
Current portion of lease liabilities	Current liabilities	\$ 1,030,820	\$ 1,010,126
Long-term lease liabilities	Other liabilities	<u>4,952,485</u>	<u>5,983,304</u>
		<u>\$ 5,983,305</u>	<u>\$ 6,993,430</u>

The components of lease expense were as follows:

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Operating lease cost	<u>\$ 1,132,939</u>	<u>\$ 1,129,642</u>

As of June 30, 2024, minimum payments due for lease liabilities for each of the five succeeding fiscal years and thereafter are as follows:

	<u>Operating leases</u>
2025	\$ 1,213,441
2026	1,243,503
2027	1,278,867
2028	1,272,264
2029	1,288,275
Thereafter	<u>219,508</u>
Total lease payments	6,515,858
Less: Interest	<u>(532,553)</u>
Present value of lease liabilities	<u>\$ 5,983,305</u>

AMANI PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

NOTE D: LEASES, Cont'd

Supplemental information is as follows:

	June 30,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	\$ 1,227,202	\$ 1,078,703
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Operating leases	\$ -	\$ 163,425
Weighted-average remaining lease term:		
Operating leases	5.10 years	6.06 years
Weighted-average discount rate:		
Operating leases	3.37%	3.37%

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2024	2023
Furniture and fixtures	\$ 312,167	\$ 312,167
Office equipment	502,860	485,850
Leasehold improvements	827,749	827,749
	1,642,776	1,625,766
Less accumulated depreciation and amortization	1,229,001	1,111,294
	\$ 413,775	\$ 514,472

NOTE F: LINE OF CREDIT

The Charter School had a \$400,000 line of credit with a maturity date of February 5, 2024. The line of credit was extended through June 4, 2024 and was not renewed. The line of credit provided for interest at .5% over the Prime Rate. At June 30, 2023, there were no outstanding balances. The line was secured by all assets of the Charter School.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

NOTE G: COMMITMENTS

The Charter School's landlord is currently making leasehold improvements to the Charter School's facility. In accordance with the terms of the lease, once construction is complete, the School will be required to reimburse the landlord for the leasehold improvements. The lease agreement calls for reimbursement of up to \$3,000,000 plus any additional changes approved by the Charter School. The Charter School is unable to estimate the amount due. Upon completion, the School expects to repay the landlord in monthly payments over 15 years plus interest at 7%. The amount and terms of the note have not yet been finalized.

NOTE H: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees of the Charter School are eligible to participate. The Plan allows for a discretionary employer match contribution. The Charter School made contributions of approximately \$76,000 and \$54,000 for the years ended June 30, 2024 and 2023, respectively.

NOTE I: 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 J: CONCENTRATIONS

At June 30, 2024 approximately 59% of grants and other receivables were due from the New York State Department of Education, relating to certain grants. At June 30, 2023 approximately 62% of grants and receivables were due from the New York State Department of Education.

During the years ended June 30, 2024 and 2023, 90% and 86% of total operating revenue and support came from per-pupil funding provided by New York State, respectively. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students reside.

NOTE K: 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. Expenses (including salaries, benefits, payroll taxes, purchased services, rent, repairs, insurance, utilities, supplies, and depreciation) which are attributable to more than one program or supporting function are allocated on the basis of estimates of time, effort, and usage.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

NOTE L: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Undesignated	\$ 433,716	\$ 637,430
Invested in property and equipment	<u>413,775</u>	<u>514,472</u>
	<u>\$ 847,491</u>	<u>\$ 1,151,902</u>

Net assets with donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Latin scholarship fund	\$ 4,800	\$ 4,800
21st Century library fund	22,350	22,350
Student food grant	<u>-</u>	<u>12,187</u>
	<u>\$ 27,150</u>	<u>\$ 39,337</u>

NOTE M: FINANCIAL 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 \$128,316 and \$379,560 of revenue relative to the ESSER grants during the years ended June 30, 2024 and 2023, respectively. The Charter School has fully utilized allocated grants as of June 30, 2024.

AMANI PUBLIC CHARTER SCHOOL

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



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
Amani Public 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 Amani Public 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 October 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Amani Public 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 Amani Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Amani Public 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amani Public 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*.

Amani Public Charter School's Response to Findings

Amani Public Charter School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Amani Public Charter School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
October 7, 2024

AMANI PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024

Finding 2024-001

Criteria

During our audit, we identified the need for certain significant adjustments to properly state financial statement balances for per-pupil revenues in accordance with accounting principles generally accepted in the United States of America (GAAP). We consider this to be a significant deficiency in internal control over financial reporting.

Condition and context

During our audit we noted the Charter School did not properly reconcile their student full time equivalents (“FTEs”) with the related per-pupil revenues recorded. The Charter School initially did not have special education students properly categorized based on services provided. Management subsequently provided an updated schedule properly calculating the minutes of special education services provided, but did not properly recalculate and adjust the related special education revenue recognized. This resulted in an auditor adjustment to reduce state and local per pupil support for special education of approximately \$55,000.

Effect or Potential Effect

Per-pupil revenues required significant auditor adjustments to properly record amounts earned by the Charter School.

Cause

Transition in both the Director of Finance position and in the individual overseeing special education services during fiscal 2024 resulted in errors in the calculation and recognition of per-pupil revenue.

Recommendation

We recommend management prepare documented procedures covering special education billing practices to ensure billings are complete and accurate and any future staff transitions are smooth. Creating an automated spreadsheet that automatically calculates the proper billing category based on minutes of services provided may help to ensure students are billed at the proper category throughout the year and at year-end. Both the general education and special education final reconciliation billings should be compared with the revenue recognized per the general ledger and payments received to ensure proper revenue recognition is achieved.

Views of Responsible Officials/Planned Corrective Actions

In addition to the change in Finance and SpEd coordination staffing, three factors affected the billing for Special Education services for APCS students:

- calculation of SpEd service level Categories had been based on Amani's enhanced program times, which exceed those specified by MVCSD. This calculation has since been reduced to more closely align with the MVCSD service level program times.
- effectiveness of the NYSED Excess Cost Worksheet, which had an error condition affecting only the MVCSD SpEd rate calculation, and which was not corrected until after the close of the Fiscal Year.
- availability of the FY24 SpEd rates which were not available until into the new calendar year.

Management is documenting the iterative process for estimating, documenting, updating, and charging for Special Education services for inclusion in the Financial Policies and Procedures manual update and standard operating procedures documentation. This includes a standard format for 1) spreadsheet calculation of the percentage of school time per week the student is engaged in services, 2) updates to these services that occur with IEP updates that may vary by student residence or date of IEP and 3) changes in program enrollment from one billing period to the next. Finance and SpEd management will work closely together to monitor the effectiveness of these measures.