

NIAGARA CHARTER SCHOOL

Financial Statements and
Supplementary Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

NIAGARA CHARTER SCHOOL

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 14
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	17 - 18
Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	19 - 21
Schedule of Findings and Questioned Costs	22
Status of Prior Audit Findings	23

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara Charter School:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Niagara Charter School (the School) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Niagara Charter School as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 31, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 31, 2022

NIAGARA CHARTER SCHOOL
 Statements of Financial Position
 June 30, 2022 and 2021

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash		\$ 1,995,116	2,090,295
Receivables		695,243	569,976
Prepaid expenses		<u>14,456</u>	<u>44,744</u>
Total current assets		<u>2,704,815</u>	<u>2,705,015</u>
Property and equipment, at cost		825,022	825,022
Less accumulated depreciation and amortization		<u>(452,089)</u>	<u>(403,148)</u>
Net property and equipment		<u>372,933</u>	<u>421,874</u>
Total assets		<u><u>\$ 3,077,748</u></u>	<u><u>3,126,889</u></u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable		65,234	27,738
Accrued expenses:			
Payroll and payroll taxes		115,316	205,330
Pension		<u>235,744</u>	<u>244,044</u>
Total accrued expenses		<u>351,060</u>	<u>449,374</u>
Total liabilities		<u>416,294</u>	<u>477,112</u>
Net assets:			
Without donor restrictions		1,601,454	2,649,777
Board designated for new facilities		<u>1,060,000</u>	<u>-</u>
Total net assets		<u>2,661,454</u>	<u>2,649,777</u>
Commitments and contingency (notes 6 and 7)		<u> </u>	<u> </u>
Total liabilities and net assets		<u><u>\$ 3,077,748</u></u>	<u><u>3,126,889</u></u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL
 Statements of Activities
 Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue:		
Public School Districts:		
Resident student enrollment	\$ 4,205,462	3,973,669
Students with disabilities	279,333	261,488
Other revenue from public school districts	59,525	48,403
Grant income	948,163	659,466
Grant income - paycheck protection program	-	530,085
Contributions	10,806	7,657
Other	16,301	18,502
	<u>5,519,590</u>	<u>5,499,270</u>
Expenses:		
Program services:		
Regular education	5,000,547	4,989,912
Special education	330,639	349,014
	<u>5,331,186</u>	<u>5,338,926</u>
Management and general	176,727	191,279
	<u>5,507,913</u>	<u>5,530,205</u>
Change in net assets without donor restrictions	11,677	(30,935)
Net assets without donor restrictions at beginning of year	<u>2,649,777</u>	<u>2,680,712</u>
Net assets without donor restrictions at end of year	<u>\$ 2,661,454</u>	<u>2,649,777</u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL
Statement of Functional Expenses
Year ended June 30, 2022
with comparative totals for 2021

	Program Services			Management and general	Total		
	No. of positions	Regular education	Special education		Total	2022	2021
Personnel services costs:							
Instructional personnel	43	\$ 1,439,729	94,215	1,533,944	54,784	1,588,728	1,660,598
Administrative personnel	2	490,830	32,120	522,950	18,677	541,627	563,807
Non-instructional personnel	13	115,766	7,576	123,342	4,405	127,747	96,016
Total salaries	<u>58</u>	2,046,325	133,911	2,180,236	77,866	2,258,102	2,320,421
Fringe and payroll taxes		731,429	47,864	779,293	27,832	807,125	826,354
Office expense		24,536	1,606	26,142	933	27,075	19,137
Printing and production		15,953	1,044	16,997	607	17,604	17,439
Purchased services		275,857	18,052	293,909	10,497	304,406	124,061
Telephone		9,050	592	9,642	345	9,987	7,557
Meetings and travel		8,096	530	8,626	308	8,934	2,960
Consulting fees		80,671	5,279	85,950	3,070	89,020	122,625
Supplies		249,528	16,329	265,857	9,495	275,352	300,904
Interest expense		651	43	694	24	718	92
Professional fees		126,393	8,271	134,664	4,809	139,473	144,318
Advertising		6,339	415	6,754	241	6,995	18,846
Dues and subscriptions		6,381	418	6,799	242	7,041	5,502
Insurance		33,294	2,179	35,473	1,267	36,740	29,210
Licenses and permits		889	58	947	34	981	420
Legal fees		20,060	1,313	21,373	763	22,136	26,585
Occupancy		542,263	35,485	577,748	20,634	598,382	585,258
Repairs and maintenance		244,863	16,024	260,887	9,317	270,204	276,023
Staff development		70,797	4,633	75,430	2,694	78,124	110,615
Utilities		57,798	3,782	61,580	2,200	63,780	30,714
Garbage collection		18,901	1,237	20,138	719	20,857	20,933
Health center		7,386	554	7,940	-	7,940	5,157
Security		24,471	1,601	26,072	932	27,004	16,565
Student transportation		320,107	24,008	344,115	-	344,115	268,633
Depreciation		44,351	2,902	47,253	1,688	48,941	56,306
Student activities and field trips		28,630	2,147	30,777	-	30,777	17,271
Uncollectible aid from School Districts		-	-	-	-	-	170,252
Miscellaneous		5,528	362	5,890	210	6,100	6,047
Total expenses		<u>\$ 5,000,547</u>	<u>330,639</u>	<u>5,331,186</u>	<u>176,727</u>	<u>5,507,913</u>	<u>5,530,205</u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL
Statement of Functional Expenses
Year ended June 30, 2021

	Program Services			Management and general	Total	
	<u>No. of positions</u>	<u>Regular education</u>	<u>Special education</u>			<u>Total</u>
Personnel services costs:						
Instructional personnel	41	\$ 1,494,653	103,281	1,597,934	62,664	1,660,598
Administrative personnel	2	507,465	35,066	542,531	21,276	563,807
Non-instructional personnel	<u>10</u>	<u>86,421</u>	<u>5,972</u>	<u>92,393</u>	<u>3,623</u>	<u>96,016</u>
Total salaries	<u>53</u>	<u>2,088,539</u>	<u>144,319</u>	<u>2,232,858</u>	<u>87,563</u>	<u>2,320,421</u>
Fringe and payroll taxes		743,776	51,395	795,171	31,183	826,354
Office expense		17,225	1,190	18,415	722	19,137
Printing and production		15,696	1,085	16,781	658	17,439
Purchased services		111,663	7,716	119,379	4,682	124,061
Telephone		6,802	470	7,272	285	7,557
Meetings and travel		2,664	184	2,848	112	2,960
Consulting fees		110,371	7,627	117,998	4,627	122,625
Supplies		270,834	18,715	289,549	11,355	300,904
Interest expense		83	6	89	3	92
Professional fees		129,896	8,976	138,872	5,446	144,318
Advertising		16,963	1,172	18,135	711	18,846
Dues and subscriptions		4,952	342	5,294	208	5,502
Insurance		26,291	1,817	28,108	1,102	29,210
Licenses and permits		378	26	404	16	420
Legal fees		23,928	1,653	25,581	1,004	26,585
Occupancy		526,773	36,400	563,173	22,085	585,258
Repairs and maintenance		248,440	17,167	265,607	10,416	276,023
Staff development		99,561	6,880	106,441	4,174	110,615
Utilities		27,645	1,910	29,555	1,159	30,714
Garbage collection		18,841	1,302	20,143	790	20,933
Health center		4,780	377	5,157	-	5,157
Security		14,910	1,030	15,940	625	16,565
Student transportation		248,977	19,656	268,633	-	268,633
Depreciation		50,679	3,502	54,181	2,125	56,306
Student activities and field trips		16,007	1,264	17,271	-	17,271
Uncollectible aid from School Districts		157,795	12,457	170,252	-	170,252
Miscellaneous		<u>5,443</u>	<u>376</u>	<u>5,819</u>	<u>228</u>	<u>6,047</u>
Total expenses		<u>\$ 4,989,912</u>	<u>349,014</u>	<u>5,338,926</u>	<u>191,279</u>	<u>5,530,205</u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL
 Statements of Cash Flows
 Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ 11,677	(30,935)
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities:		
Depreciation and amortization	48,941	56,306
Grant income - paycheck protection program	-	(530,085)
Changes in:		
Receivables	(125,267)	(433,095)
Prepaid expenses	30,288	15,321
Accounts payable	37,496	(15,752)
Accrued expenses	<u>(98,314)</u>	<u>65,406</u>
Net cash used in operating activities	(95,179)	(872,834)
Cash at beginning of year	<u>2,090,295</u>	<u>2,963,129</u>
Cash at end of year	<u><u>\$ 1,995,116</u></u>	<u><u>2,090,295</u></u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022 and 2021

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Niagara Charter School (the School) was chartered by the Board of Regents of the University at the State of New York on July 21, 2005 for a term of five years pursuant to Article 56 of the New York State Education Law. The School has received a renewal of their charter which will expire on June 30, 2026. The School is a K-6 public school primarily funded through the Board of Education of the City School District of Niagara Falls.

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

(b) Basis of Accounting

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

(c) Basis of Presentation

The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The School does not have any net assets with donor restrictions as of June 30, 2022 and 2021. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the School's Board of Trustees. For the year ended June 30, 2022, the Board of Trustees has designated \$1,060,000 of net assets without donor restrictions to be used for new school facilities.

(d) Estimates

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

(e) Cash

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

(f) Concentration of Credit Risk

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

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Receivables

The School uses the allowance method to account for uncollectible receivables. There was no allowance for doubtful accounts at June 30, 2022 and 2021.

(h) Contracts with Customers

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

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

(i) Capitalization, Depreciation and Amortization

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions.

Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation or amortization. The resulting gains and losses are reflected in the statements of activities.

(j) Public School District Revenue

The School receives per pupil aid which is passed through several School Districts predominantly in Niagara County. The majority of this comes from the Niagara Falls City School District. New York State Education Department mandates the rate per pupil. For the years ended June 30, 2022 and 2021, the per pupil rate was \$12,227 and \$11,931, respectively, for the Niagara Falls City School District.

(k) Deferred Revenue and Revenue Recognition

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

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Promises to Give

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

(m) Expense Allocation

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

(n) Recent Accounting Standards Issued

For the year ended June 30, 2022, the School adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets." ASU 2020-07 requires new presentation and disclosures for gift-in-kind donations to improve transparency on how those assets are used and valued. These financial statements and notes reflect retroactive adoption of this new standard.

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

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

(o) Subsequent Events

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

(p) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the School and its future results and financial position is not presently determinable.

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Income Taxes

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

(2) Liquidity

The School has \$2,690,359 of financial assets available within one year of the statement of financial position date consisting of \$1,995,116 of cash and \$695,243 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

(3) Property and Equipment

Property and equipment are recorded at cost. A summary of property and equipment at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 566,046	566,046
Furniture and equipment	<u>258,976</u>	<u>258,976</u>
	825,022	825,022
Less accumulated depreciation and amortization	<u>(452,089)</u>	<u>(403,148)</u>
Net property and equipment	\$ <u>372,933</u>	<u>421,874</u>

(4) Promissory Note - Paycheck Protection Program

On May 20, 2020, the School received a Small Business Administration (SBA) loan under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of \$530,085 with a 1% interest rate.

Pursuant to the terms of the CARES Act rules and regulations, the School applied for the loan to be forgiven by the SBA. On February 11, 2021, the School was notified by the SBA that the original loan has been forgiven in its entirety and, accordingly, has recorded loan forgiveness/grant income of \$530,085 for the year ended June 30, 2021.

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(5) Pension Plans

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

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

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

The School is required to contribute an actuarially determined rate. The rates for NYSTRS were 9.80% and 9.53% of the annual covered payroll as of June 30, 2022 and 2021, respectively. Required annual contributions of \$171,251 and \$174,004 were paid to NYSTRS by the School for the years ended June 30, 2022 and 2021, respectively.

(6) Commitments

(a) Lease Obligations

The School leases its facility under an operating lease which expires in July 2026 subject to annual increases in the consumer price index for the Northeast Region over 2008 as the base year. The School has the option to extend the term of this lease for one five year interval. The lease will terminate on expiration or non-renewal of the School's charter. In addition, the School leases a copier under a lease agreement expiring in July 2026. Rent expense amounted to \$598,382 and \$585,258 for the years ended June 30, 2022 and 2021, respectively.

Minimum future payments for the five years following June 30, 2022 are as follows:

2023	\$ 577,358
2024	577,358
2025	577,358
2026	577,358
2027	<u>571,679</u>
	\$ <u>2,881,111</u>

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(6) Commitments, Continued

(b) Transportation Services Obligations

The School has an agreement for bus transportation with a private carrier for its students. The agreement expired on June 30, 2021 and is currently under renegotiation.

(7) Contingency

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

(8) Escrow Account

As set forth in its charter, the School established an escrow account in September 2013 in the amount of \$75,000, subsequently amended to \$100,000 during the June 30, 2022 fiscal year, for the purpose of funding legal and audit fees in the event of dissolution. The amount in escrow was \$100,015 and \$77,647 as of June 30, 2022 and 2021, respectively.

NIAGARA CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Education:				
Passed-through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021-22-4342	\$ 147,965	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	0147-21-4342	19,602	-
Student Support and Academic Enrichment Program	84.424	0204-21-4342	11,043	-
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency (ESSER) Relief Fund	84.425D	5880-21-4342	498,105	-
American Rescue Plan - Elementary and Secondary Emergency Relief Fund (ARP-ESSER)	84.425U	5891-21-4342	251,948	-
Total Education Stabilization Fund (ESF)			750,053	-
Total Passed-through NYS Department of Education			928,663	-
Total U.S. Department of Education			928,663	-
Total Expenditures of Federal Awards			\$ 928,663	-

See accompanying notes to schedule of expenditures of federal awards.

NIAGARA CHARTER SCHOOL
Notes to Schedule of Expenditures of Federal Awards
June 30, 2022

(1) Basis of Presentation

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

(2) Basis of Accounting

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

(3) Indirect Costs

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

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

The Board of Trustees
Niagara Charter School:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Niagara Charter School (the School), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 31, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 31, 2022

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

The Board of Trustees
Niagara Charter School:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Niagara Charter School's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School's major federal program for the year ended June 30, 2022. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 31, 2022

NIAGARA CHARTER SCHOOL
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Part I. - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
1. Material weakness(es) identified?	___ Yes <u> X </u> No
2. Significant deficiency(ies) identified?	___ Yes <u> X </u> None reported
3. Noncompliance material to financial statements noted?	___ Yes <u> X </u> No

Federal Awards:

Internal control over major programs:	
4. Material weakness(es) identified?	___ Yes <u> X </u> No
5. Significant deficiency(ies) identified?	___ Yes <u> X </u> None reported

Type of auditors' report issued on compliance for the major program:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance):	___ Yes <u> X </u> No

7. The School's major program audited was:	Assistance Listing Number
<u>Name of Federal Program</u>	

COVID-19 Education Stabilization Fund:	
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D
American Rescue Plan - Emergency and Secondary Emergency Relief Fund (ARP-ESSER)	84.425U

8. Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000
9. Auditee qualified as low-risk auditee?	___ Yes <u> X </u> No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings or questioned costs.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

NIAGARA CHARTER SCHOOL

Status of Prior Audit Findings

Year ended June 30, 2022

There were no audit findings in the prior year financial statements (June 30, 2021).