

ALBANY LEADERSHIP
CHARTER HIGH SCHOOL FOR GIRLS

Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Albany Leadership Charter High School for Girls
Albany, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of Albany Leadership Charter High School for Girls (the School), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany Leadership Charter High School for Girls as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2018, 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 Albany Leadership Charter High School for Girls' 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 26, 2018

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Financial Position
 June 30, 2018 and 2017

	<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:			
Cash and equivalents		\$ 1,789,818	1,894,057
Grants and contracts receivable, net of allowance of \$82,729 in 2017		466,623	232,370
Accounts receivable		330	4,770
Prepaid expenses		<u>259,186</u>	<u>159,612</u>
Total current assets		<u>2,515,957</u>	<u>2,290,809</u>
Property and equipment, at cost		904,198	898,689
Less accumulated depreciation and amortization		<u>(723,844)</u>	<u>(624,249)</u>
Net property and equipment		<u>180,354</u>	<u>274,440</u>
Other asset - cash - designated		<u>75,255</u>	<u>75,195</u>
Total assets		<u><u>\$ 2,771,566</u></u>	<u><u>2,640,444</u></u>
 <u>Liabilities and Net Assets</u> 			
Current liabilities:			
Accounts payable and accrued expenses		81,391	200,057
Accrued payroll and benefits		<u>412,577</u>	<u>394,129</u>
Total current liabilities		<u>493,968</u>	<u>594,186</u>
Net assets:			
Unrestricted:			
General operating		2,202,343	1,971,063
Board designated		<u>75,255</u>	<u>75,195</u>
Total unrestricted net assets		<u>2,277,598</u>	<u>2,046,258</u>
Total liabilities and net assets		<u><u>\$ 2,771,566</u></u>	<u><u>2,640,444</u></u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Activities
 Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue:		
Public school districts:		
Resident student enrollment	\$ 5,273,567	4,978,470
Students with disabilities	79,278	101,596
Specially approved state revenue	-	224,565
Grants and contracts:		
Federal	226,563	152,072
Food Service/Children Nutrition Program	181,573	167,102
State and Local	<u>54,741</u>	<u>42,299</u>
Total revenue	<u>5,815,722</u>	<u>5,666,104</u>
Expenses:		
Program services:		
Regular education	3,859,764	3,778,840
Special education	533,951	370,636
Other programs	<u>237,504</u>	<u>220,834</u>
Total program services	4,631,219	4,370,310
Management and general	<u>1,017,724</u>	<u>905,237</u>
Total expenses	<u>5,648,943</u>	<u>5,275,547</u>
Surplus from school operations	<u>166,779</u>	<u>390,557</u>
Support and other revenue:		
Contributions	9,406	4,320
Fundraising, net	6,795	1,590
Miscellaneous income	<u>48,360</u>	<u>38,939</u>
Total support and other revenue	<u>64,561</u>	<u>44,849</u>
Increase in unrestricted net assets	231,340	435,406
Unrestricted net assets at beginning of year	<u>2,046,258</u>	<u>1,610,852</u>
Unrestricted net assets at end of year	<u>\$ 2,277,598</u>	<u>2,046,258</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Statement of Functional Expenses

Year ended June 30, 2018

with comparative totals for 2017

	Program Services					Supporting Services	Total	
	No. of positions	Regular education	Special education	Other programs	Total	Management and general	2018	2017
Personnel services costs:								
Instructional personnel	41	\$ 1,671,016	300,864	-	1,971,880	-	1,971,880	1,823,838
Administrative personnel	17	294,158	64,303	-	358,461	555,062	913,523	807,504
Non-instructional personnel	2	-	-	50,722	50,722	77,634	128,356	123,242
Total salaries and staff	<u>60</u>	1,965,174	365,167	50,722	2,381,063	632,696	3,013,759	2,754,584
Fringe benefits and payroll taxes		390,430	72,549	10,078	473,057	125,701	598,758	562,044
Retirement		53,101	9,867	1,370	64,338	17,096	81,434	66,646
Legal services		6,846	1,272	-	8,118	2,157	10,275	6,281
Accounting and audit services		6,796	1,263	-	8,059	2,141	10,200	9,800
Other purchased, professional and consulting services		170,383	31,660	4,398	206,441	54,856	261,297	221,542
Building and land lease		539,938	8,167	61,321	609,426	84,774	694,200	687,000
Repairs and maintenance		155,774	2,356	17,692	175,822	24,458	200,280	200,519
Insurance		51,358	777	5,833	57,968	8,064	66,032	60,231
Utilities		37,452	566	4,254	42,272	5,880	48,152	43,257
Supplies and materials		44,730	8,312	-	53,042	-	53,042	58,696
Uniforms		17,591	-	-	17,591	-	17,591	19,395
Equipment and furnishings		3,842	714	-	4,556	1,211	5,767	10,056
Staff development		14,372	2,671	-	17,043	-	17,043	24,725
Marketing and recruitment		25,940	4,820	-	30,760	8,173	38,933	29,945
Technology		88,707	16,483	-	105,190	27,951	133,141	127,474
Food services		-	-	81,836	81,836	-	81,836	71,517
Student services		168,048	-	-	168,048	-	168,048	154,069
Office expense		33,021	6,135	-	39,156	10,404	49,560	46,510
Bad debt expense		-	-	-	-	-	-	6,123
Depreciation and amortization		86,261	1,172	-	87,433	12,162	99,595	115,133
Total expenses		<u>\$ 3,859,764</u>	<u>533,951</u>	<u>237,504</u>	<u>4,631,219</u>	<u>1,017,724</u>	<u>5,648,943</u>	<u>5,275,547</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
Statement of Functional Expenses
Year ended June 30, 2017

	<u>Program Services</u>					<u>Supporting Services</u>	
	<u>No. of positions</u>	<u>Regular education</u>	<u>Special education</u>	<u>Other programs</u>	<u>Total</u>	<u>Management and general</u>	<u>Total</u>
Personnel services costs:							
Instructional personnel	40	\$ 1,610,410	213,428	-	1,823,838	-	1,823,838
Administrative personnel	15	294,158	36,179	-	330,337	477,167	807,504
Non-instructional personnel	<u>2</u>	<u>-</u>	<u>-</u>	<u>47,207</u>	<u>47,207</u>	<u>76,035</u>	<u>123,242</u>
Total salaries and staff	<u>57</u>	1,904,568	249,607	47,207	2,201,382	553,202	2,754,584
Fringe benefits and payroll taxes		388,607	50,930	9,632	449,169	112,875	562,044
Retirement		46,081	6,039	1,142	53,262	13,384	66,646
Legal services		4,438	582	-	5,020	1,261	6,281
Accounting and audit services		6,924	908	-	7,832	1,968	9,800
Other purchased, professional and consulting services		153,178	20,075	3,797	177,050	44,492	221,542
Building and land lease		534,338	8,082	60,685	603,105	83,895	687,000
Repairs and maintenance		155,960	2,359	17,713	176,032	24,487	200,519
Insurance		46,847	709	5,320	52,876	7,355	60,231
Utilities		33,645	509	3,821	37,975	5,282	43,257
Supplies and materials		51,895	6,801	-	58,696	-	58,696
Uniforms		19,395	-	-	19,395	-	19,395
Equipment and furnishings		7,105	931	-	8,036	2,020	10,056
Staff development		21,860	2,865	-	24,725	-	24,725
Marketing and recruitment		21,158	2,773	-	23,931	6,014	29,945
Technology		90,069	11,804	-	101,873	25,601	127,474
Food services		-	-	71,517	71,517	-	71,517
Student services		154,069	-	-	154,069	-	154,069
Office expense		32,862	4,307	-	37,169	9,341	46,510
Bad debt expense		6,123	-	-	6,123	-	6,123
Depreciation and amortization		<u>99,718</u>	<u>1,355</u>	<u>-</u>	<u>101,073</u>	<u>14,060</u>	<u>115,133</u>
Total expenses		<u>\$ 3,778,840</u>	<u>370,636</u>	<u>220,834</u>	<u>4,370,310</u>	<u>905,237</u>	<u>5,275,547</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Cash Flows
 Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 231,340	435,406
Adjustments to reconcile increase in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	99,595	115,133
Change in allowance for doubtful accounts	(82,729)	4,329
Changes in:		
Grants and contracts receivable	(151,524)	(70,383)
Accounts receivable	4,440	(229)
Prepaid expenses	(99,574)	(52,297)
Accounts payable and accrued expenses	(118,666)	16,161
Accrued payroll and benefits	18,448	60,035
Net cash provided by (used in) operating activities	<u>(98,670)</u>	<u>508,155</u>
Cash flows from investing activities:		
Purchase of property and equipment	(5,509)	(45,050)
Deposits to cash - designated	(60)	(60)
Net cash used in investing activities	<u>(5,569)</u>	<u>(45,110)</u>
Net increase (decrease) in cash	(104,239)	463,045
Cash and equivalents at beginning of year	<u>1,894,057</u>	<u>1,431,012</u>
Cash and equivalents at end of year	<u>\$ 1,789,818</u>	<u>1,894,057</u>
Supplemental schedule of non-cash information - disposal of fully depreciated property and equipment	<u>\$ -</u>	<u>11,804</u>

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements

June 30, 2018 and 2017

(1) Organization and Purpose

Albany Leadership Charter High School for Girls' (the School) mission is to prepare young women to graduate from high school with the academic and leadership skills necessary to succeed in college and the career of their choosing.

A provisional charter, valid for five years, was granted to the School by the University of the State of New York pursuant to Article 56 of the Education Law of the State of New York in 2009. In 2018, a five year charter renewal was issued which will enable the School to operate through July 31, 2023. As of June 30, 2018, the School includes grades 9 through 12 and has annualized full-time enrollment of 355 students in 4 grades.

The School is governed by a Board of Trustees in accordance with the School's by-laws.

(2) Summary of Significant Accounting Policies

(a) 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.

(b) Basis of Presentation

The School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The School does not have any temporary or permanently restricted net assets. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets - 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.

(c) 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.

(d) Cash

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

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Concentration of Credit Risk

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

(f) Receivables

The School uses the allowance method to account for uncollectible receivables. The allowance for doubtful accounts amounted to \$82,729 at June 30, 2017. Management has determined that no allowance was deemed necessary at June 30, 2018.

(g) 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 restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation or amortization. The resulting gains and losses are reflected in the statements of activities. Generally, property and equipment which has a cost in excess of \$1,000 at the date of acquisition and has an expected useful life of three years is capitalized.

(h) Public School District Revenue

The School receives per pupil aid passed through from each student's home public school district. The New York State Department of Education mandates the rate per pupil. The regular education per pupil rate from Albany Public School District, the district from which the School receives its largest pass through of district revenue, was \$15,072 and \$14,572 for the years ended June 30, 2018 and 2017, respectively.

(i) 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.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Donated Equipment, Materials, Supplies and Personnel Services

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

Donated 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.

(k) 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 unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(l) 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.

(m) 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.

(n) 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.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
Notes to Financial Statements, Continued

(3) Grants, Contracts and Accounts Receivable

Grants, contracts and accounts receivable as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
School district tuition, net of allowance	\$ 318,237	77,968
U.S. Department of Agriculture	29,906	7,927
U.S. Department of Education	<u>118,480</u>	<u>146,475</u>
	466,623	232,370
Other receivables	<u>330</u>	<u>4,770</u>
	<u>\$ 466,953</u>	<u>237,140</u>

(4) Property and Equipment

Property and equipment are recorded at cost. A summary of property and equipment at June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 313,860	308,351
Furniture and fixtures	212,393	212,393
Leasehold improvements	<u>377,945</u>	<u>377,945</u>
	904,198	898,689
Less: accumulated depreciation and amortization	<u>(723,844)</u>	<u>(624,249)</u>
Net property and equipment	<u>\$ 180,354</u>	<u>274,440</u>

(5) Escrow Account

As set forth in its charter, the School established an escrow account in the amount of \$75,000 to be used upon school closure as designated by the Board of Trustees. The balance in the escrow account was \$75,255 and \$75,195 as of June 30, 2018 and 2017, respectively. The balance in the escrow account is classified as board designated net assets on the statements of financial position.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(6) Lease Obligation

The School currently leases facilities from the Brighter Choice Foundation through June 30, 2018. Net occupancy costs for the years ended June 30, 2018 and 2017 were \$694,200 and \$687,000, respectively. The School and the Foundation renegotiated the lease as of July 1, 2012. As of July 1, 2018, the School's lease with the Brighter Choice Foundation expired and they elected to remain on a month-to-month contract until an agreement for purchase of the leased space is reached and financing is obtained. Additionally, the School has an agreement for janitorial services with A.K. Cleaning Services through June 30, 2020. Future minimum payments under the agreement are as follows: 2019 - \$140,400 and 2020 - \$140,400.

(7) Retirement Plan

The School adopted a retirement plan under IRC 401(k) covering all eligible employees. Under the plan, employees are eligible to receive employer matching contributions after one year of service. The School provides a matching contribution to each eligible employee's plan at a rate determined annually by the Board of Trustees. Matching contribution rates are 2%, 4% or 6% depending on the employee's years of service. The School's retirement plan expense for the years ended June 30, 2018 and 2017 was \$81,434 and \$66,646, respectively.

(8) Concentration of Risk

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 86% and 84% of total revenue and support for the years ended June 30, 2018 and 2017, respectively.

(9) 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 experience, the School's administration believes that disallowances, if any, will be immaterial.

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
Albany Leadership Charter High School for Girls
Albany, New York:

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 Albany Leadership Charter High School for Girls (the School), which comprise the statement of financial position as of June 30, 2018, 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 26, 2018.

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) to determine the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Albany Leadership Charter High School for Girls' 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 determination of financial statement amounts. 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 26, 2018