

**UNIVERSITY PREPARATORY CHARTER
SCHOOL FOR YOUNG MEN**

FINANCIAL STATEMENTS

June 30, 2022



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of University Preparatory Charter School for Young Men (a New York State nonprofit organization), which comprise the balance sheet 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 the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Preparatory Charter School for Young Men as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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



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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

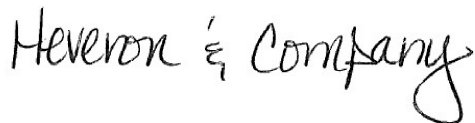
We have previously audited University Preparatory Charter School for Young Men's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2021. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022 on our consideration of University Preparatory Charter School for Young Men's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of University Preparatory Charter School for Young Men's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University Preparatory Charter School for Young Men's internal control over financial reporting and compliance.



Heveron & Company
Certified Public Accountants

Rochester, New York
September 21, 2022

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
BALANCE SHEETS
June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 4,016,034	\$ 4,482,410
Grants Receivable	211,334	215,389
Accounts Receivable	<u>165,707</u>	<u>45,548</u>
Total Current Assets	<u>4,393,075</u>	<u>4,743,347</u>
 <u>Property and Equipment</u>		
Building and Improvements	5,945,313	5,736,563
Furniture and Fixtures	869,521	774,133
Vehicles	77,000	74,000
Less: Accumulated Depreciation	<u>(2,850,256)</u>	<u>(2,443,406)</u>
Net Property and Equipment	<u>4,041,578</u>	<u>4,141,290</u>
 <u>Other Assets</u>		
Escrow Account	<u>76,980</u>	<u>76,826</u>
Total Other Assets	<u>76,980</u>	<u>76,826</u>
 TOTAL ASSETS	 <u>\$ 8,511,633</u>	 <u>\$ 8,961,463</u>

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 53,032	\$ 72,325
Accrued Payroll and Payroll Taxes	460,642	581,441
Refundable Advance	9,846	-
Current Portion of Loan Payable	<u>-</u>	<u>1,318,775</u>
 Total Current Liabilities	 <u>523,520</u>	 <u>1,972,541</u>
 Total Liabilities	 <u>523,520</u>	 <u>1,972,541</u>
 <u>Net Assets</u>		
Without Donor Restrictions:		
Undesignated	7,976,054	6,974,136
With Donor Restrictions:		
Purpose Restrictions	<u>12,059</u>	<u>14,786</u>
 Total Net Assets	 <u>7,988,113</u>	 <u>6,988,922</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,511,633</u>	 <u>\$ 8,961,463</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2022</u>	<u>2021</u>
<u>Revenue and Other Support</u>				
Public School District:				
Resident Student Enrollment	\$ 5,898,297	\$ -	\$ 5,898,297	\$ 5,619,200
Students with Disabilities	363,034	-	363,034	294,738
Food services:				
Food Service Income	339,348	-	339,348	34,984
In-Kind Food Service Income	22,681	-	22,681	5,657
State Grants:				
State Grants	-	-	-	19,996
In-Kind State Grants	43,995	-	43,995	17,368
Paycheck Protection Loan Forgiveness	1,057,045	-	1,057,045	-
Federal Grants - Title and IDEA	346,074	-	346,074	271,211
Federal - Other	422,238	-	422,238	213,996
Other Grants and Contributions	7,199	-	7,199	5,288
Other Income	13,790	-	13,790	22,212
Released from Restrictions	<u>2,727</u>	<u>(2,727)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>8,516,428</u>	<u>(2,727)</u>	<u>8,513,701</u>	<u>6,504,650</u>
<u>Expenses</u>				
Program Expenses:				
Regular Education	5,342,262	-	5,342,262	4,762,365
Special Education	524,614	-	524,614	512,066
Food Services	<u>325,391</u>	<u>-</u>	<u>325,391</u>	<u>157,189</u>
Total Program Expenses	<u>6,192,267</u>	<u>-</u>	<u>6,192,267</u>	<u>5,431,620</u>
Supporting Services:				
Management and General	<u>1,322,243</u>	<u>-</u>	<u>1,322,243</u>	<u>1,277,192</u>
Total Expenses	<u>7,514,510</u>	<u>-</u>	<u>7,514,510</u>	<u>6,708,812</u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor	With Donor	<u>Totals</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2022</u>	<u>2021</u>
Change in Net Assets	1,001,918	(2,727)	999,191	(204,162)
Net Assets - Beginning of Year	<u>6,974,136</u>	<u>14,786</u>	<u>6,988,922</u>	<u>7,193,084</u>
Net Assets - End of Year	<u>\$ 7,976,054</u>	<u>\$ 12,059</u>	<u>\$ 7,988,113</u>	<u>\$ 6,988,922</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	2022 No. of <u>Positions</u>	<u>Program Services</u>			<u>Management and General</u>	<u>Totals</u>	
		<u>Regular Education</u>	<u>Special Education</u>	<u>Food Services</u>		<u>2022</u>	<u>2021</u>
Personnel Service Costs							
Instructional Personnel	54	\$ 2,538,255	\$ 319,468	\$ -	\$ -	\$ 2,857,723	\$ 2,635,665
Non-Instructional Personnel	11	249,966	-	87,410	10,336	347,712	330,249
Administrative Personnel	19	464,990	-	-	917,837	1,382,827	1,394,771
Total Salaries and Wages	84	3,253,211	319,468	87,410	928,173	4,588,262	4,360,685
Fringe Benefits and Payroll Taxes		758,292	74,465	20,374	216,348	1,069,479	992,048
Retirement		183,461	18,016	4,929	52,344	258,750	239,627
Total Personnel Services		4,194,964	411,949	112,713	1,196,865	5,916,491	5,592,360
Depreciation		351,947	34,561	4,069	16,274	406,851	409,217
Other Purchased Services		293,893	28,861	-	40,705	363,459	248,590
Supplies		181,313	17,805	22,991	-	222,109	134,457
Food		-	-	176,578	-	176,578	28,084
Utilities		104,177	10,230	1,204	4,817	120,428	79,605
Office Expense		60,603	5,951	-	13,413	79,967	78,905
Repairs and Maintenance		36,480	3,582	422	1,687	42,171	26,912
Student Services		33,249	3,265	-	-	36,514	29,319
Insurance		31,451	3,089	338	1,354	36,232	23,022
Technology		20,271	1,991	-	7,420	29,682	10,732

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

(Continued)

	<u>Program Services</u>			<u>Management and General</u>	<u>Totals</u>	
	<u>Regular Education</u>	<u>Special Education</u>	<u>Food Services</u>		<u>2022</u>	<u>2021</u>
Legal	-	-	-	22,085	22,085	15,403
Staff Development	18,847	1,851	-	-	20,698	10,908
Occupancy Expense	5,947	584	7,076	665	14,272	8,838
Accounting	-	-	-	12,850	12,850	11,680
Marketing	7,181	705	-	-	7,886	118
Other Expenses	1,939	190	-	4,108	6,237	662
 Total Expenses	 <u>\$ 5,342,262</u>	 <u>\$ 524,614</u>	 <u>\$ 325,391</u>	 <u>\$ 1,322,243</u>	 <u>\$ 7,514,510</u>	 <u>\$ 6,708,812</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flow From Operating Activities</u>		
Receipts from School Districts	\$ 6,202,183	\$ 5,941,863
Federal and State Grant Receipts	780,537	371,741
Food Service Fees	280,015	40,641
Other Grants and Contributions	7,199	5,289
Miscellaneous Sources	13,790	22,212
Payments to Charter School Personnel for Services Rendered	(6,037,291)	(5,585,242)
Payments to Vendors for Goods and Services Rendered	<u>(1,143,788)</u>	<u>(637,470)</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>102,645</u>	<u>159,034</u>
 <u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	<u>(307,137)</u>	<u>(139,388)</u>
Cash Flow Provided/(Used) By Investing Activities	<u>(307,137)</u>	<u>(139,388)</u>
 <u>Cash Flow From Financing Activities</u>		
Payments on Loan Payable	<u>(261,730)</u>	<u>-</u>
Cash Flow Provided/(Used) By Financing Activities	<u>(261,730)</u>	<u>-</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents, and Restricted Cash	 (466,222)	 19,646
 Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	 <u>4,559,236</u>	 <u>4,539,590</u>
 Cash and Cash Equivalents, and Restricted Cash - End of Year	 <u>\$ 4,093,014</u>	 <u>\$ 4,559,236</u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2022 and 2021
(Continued)

	<u>2022</u>	<u>2021</u>
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$ 999,191	\$ (204,162)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	406,851	409,217
Paycheck Protection Loan Forgiveness	(1,057,045)	-
(Increase)/Decrease In:		
Accounts Receivable	(120,159)	27,926
Grants Receivable	4,055	(133,461)
Increase/(Decrease) In:		
Accounts Payable	(19,295)	52,396
Accrued Payroll and Payroll Taxes	(120,799)	7,118
Refundable Advance	<u>9,846</u>	<u>-</u>
Net Cash Flows Provided/(Used) By Operating Activities	<u>\$ 102,645</u>	<u>\$ 159,034</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

University Preparatory Charter School for Young Men (the School) is a nonprofit educational organization in Rochester, New York. It was formed to be a small school for young men with personalized attention for each student. The School provides a safe and secure learning environment where respect and compassion are values for adults and students for grades 7-12. The School obtains its support directly and indirectly from organizations and government agencies in the community.

The main programs of the School are as follows:

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

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

FOOD SERVICES: The School believes that healthy meals are an important part of a child's day. Breakfast and lunch are served every day. All meals are intended to meet the required New York State Child Nutrition Standards, and the School subscribes to the New York State free and reduced priced meal program.

Basis of Accounting

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

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

**June 30, 2022
(Continued)**

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

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the School reports information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

Use of Estimates in the Preparation of Financial Statements

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

Accounts and Grants Receivable

Receivables are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for, and if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at June 30, 2022 and 2021.

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

June 30, 2022

(Continued)

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

Revenue and Revenue Recognition

A portion of the School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the school has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the balance sheet. The Organization received cost-reimbursable grants of \$1,530,364 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred, with an advance payment of \$9,846 recognized in the balance sheet as a refundable advance.

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

Contributions

The School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Income Taxes

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

Advertising

Advertising costs are expensed as incurred.

Reclassifications

Certain account balances as of June 30, 2021 have been reclassified to conform with the presentation as of June 30, 2022.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

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

Property and Equipment

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

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

Depreciation expense amounted to \$406,851 and \$409,217 for the years ended June 30, 2022 and 2021, respectively.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, and management and general categories. An immaterial amount of fund raising costs for the years ended June 30, 2022 and 2021 are included in management and general expenses.

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

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

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

Recent Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The main difference between the guidance in ASU 2020-07 and previous GAAP is the disclosure of a disaggregation of the amount of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the period, the School's policy about monetizing rather utilizing the assets, a description of any donor-imposed restrictions associated with the assets, a description of the valuation techniques used, and the principal market used to arrive at a fair value measurement. During the year ended June 30, 2022 the School adopted ASU 2020-07 for its contributed nonfinancial assets. This adoption was applied on a retrospective basis.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,016,034	\$ 4,482,410
Accounts receivable	165,707	45,548
Grants receivable	211,334	215,389
Less donor restricted net assets	<u>(12,059)</u>	<u>(14,786)</u>
Total	<u>\$ 4,381,016</u>	<u>\$ 4,728,561</u>

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

**June 30, 2022
(Continued)**

NOTE 3 - EMPLOYEE BENEFIT PLAN

The School has a 403(b) retirement plan. Eligible employees can make contributions to the plan. Employees are fully and immediately vested in all contributions. The School will make non-elective contributions at the Board's discretion. Employer contributions for the years ended June 30, 2022 and 2021 were \$258,750 and \$239,627, respectively.

NOTE 4 - CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

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

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

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

	2022	2021
Checking	\$ 4,005,018	\$ 4,474,399
Savings and Money Market	11,016	8,011
Subtotal - Cash and Cash Equivalents	4,016,034	4,482,410
Restricted Cash - Escrow Account	76,980	76,826
Total Cash, Cash Equivalents, and Restricted Cash	\$ 4,093,014	\$ 4,559,236

NOTE 5 - LOAN PAYABLE

In April 2020, the School applied for and was approved to receive a \$1,318,775 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for six months after the funding of the loan. The School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. In November 2021, \$1,057,045 of the loan was forgiven. The remaining principal of \$261,730 was paid off in the same month. The loan was uncollateralized and fully guaranteed by the Federal government.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

NOTE 6 - SPECIAL EDUCATION AND OTHER SUPPORT

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

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

The School also receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Rochester City School District. The total aid received for the years ended June 30, 2022 and 2021 was \$43,995 and \$17,368, respectively. The value of this aid is provided by Rochester City School District and is based on original cost.

NOTE 7 - DONATED SERVICES AND GOODS

The School receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the years ended June 30, 2022 and 2021, 10 active volunteers provided 220 hours of service.

The School receives food commodities from U.S. Department of Agriculture for use in Food Services Program. During the years ended June 30, 2022 and 2021, the School received in kind food donations of \$22,681 and \$5,657, respectively. The value of this donation is based on original cost provided by the U.S. Food and Drug Administration.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Career and Technical Education Program	\$ 7,500	\$ 7,500
Technology	<u>4,559</u>	<u>7,286</u>
Total Net Assets with Donor Restrictions	<u>\$ 12,059</u>	<u>\$ 14,786</u>

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

June 30, 2022

(Continued)

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 21, 2022, which is the date the statements were available for issuance.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN

FEDERAL FINANCIAL ASSISTANCE

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University Preparatory Charter School for Young Men (a New York State nonprofit organization) which comprise the balance sheet as of June 30, 2022, and the related statements of activities and functional expenses, the cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2022.

Report on Internal Control Over Financial Reporting

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

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

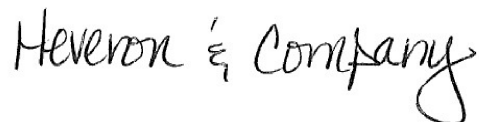
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Heveron & Company
Certified Public Accountants

Rochester, New York
September 21, 2022



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

Independent Auditors' Report

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

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

We have audited University Preparatory Charter School for Young Men's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of University Preparatory Charter School for Young Men's major federal programs for the year ended June 30, 2022. University Preparatory Charter School for Young Men's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, University Preparatory Charter School for Young Men complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

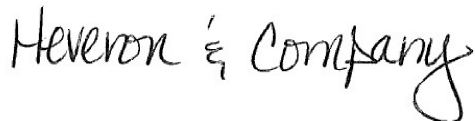
Report on Internal Control Over Compliance

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

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

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

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



Heveron & Company
Certified Public Accountants

Rochester, New York
September 21, 2022

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

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

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

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

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

Federal Awards

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

No material weaknesses were identified in the internal control over major programs.

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

There are no audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).

Identification of Major Programs:

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

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

The auditee did not qualify as a low-risk auditee

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2022

<u>Federal Grantor/Program Title /Pass Through Grantor</u>	<u>Federal AL Number</u>	<u>Agency or Pass Through Number</u>	<u>Passed Through to Sub-recipients</u>	<u>Federal Expenditures</u>
<u>United States Department of Education</u>				
Title I Grants to Local Educational Agencies				
Passed Through New York				
State Education Department	84.010	261600860985	\$ -	\$ 207,428
Supporting Effective Instruction				
State Grants				
Passed Through New York				
State Education Department	84.367	261600860985	-	25,604
Student Support and Academic				
Enrichment Program				
Passed Through New York				
State Education Department	84.424	261600860985	-	13,517
Strengthening Institutions Program				
Passed Through New York				
State Education Department	84.031	261600860985	-	797
COVID-19 Elementary and Secondary School				
Emergency Relief Fund				
Passed Through New York State				
Education Department	84.425D	261600860985	-	297,010
COVID-19 American Rescue Plan - Elementary				
and Secondary School Emergency Relief				
Passed Through New York State				
Education Department	84.425U	261600860985	<u>-</u>	<u>125,228</u>
Total United States Department of Education			<u>-</u>	<u>669,584</u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2022
(Continued)

<u>Federal Grantor/Program Title</u> <u>/Pass Through Grantor</u>	<u>Federal</u> <u>AL</u> <u>Number</u>	<u>Agency or</u> <u>Pass Through</u> <u>Number</u>	<u>Passed</u> <u>Through to</u> <u>Sub-recipients</u>	<u>Federal</u> <u>Expenditures</u>
<u>Department of Agriculture</u>				
School Breakfast Program Passed Through New York State Education Department	10.553	261600860985	-	79,408
National School Lunch Program Passed Through New York State Education Department	10.555	261600860985	-	253,451
National School Lunch Program - (USDA Food)	10.555	N/A	-	22,681
Total Department of Agriculture			-	355,540
Total Federal Expenditures			\$ -	\$ 1,025,124

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2022**

Note 1 - Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of University Preparatory Charter School for Young Men under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of University Preparatory Charter School for Young Men, it is not intended to and does not present the financial position, change in net assets, or cash flows of University Preparatory Charter School for Young Men.

Note 2 - Summary of Significant Accounting Policies:

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