

Rochdale Early Advantage Charter School

Financial Statements
Years Ended June 30, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Rochdale Early Advantage Charter School

Financial Statements
Years Ended June 30, 2024 and 2023

Rochdale Early Advantage Charter School

Contents

Independent Auditor’s Report	3-5
Financial Statements	
Statements of Financial Position as of June 30, 2024 and 2023	7
Statements of Activities for the Year Ended June 30, 2024 and 2023	8
Statement of Functional Expenses for the Year Ended June 30, 2024	9
Statement of Functional Expenses for the Year Ended June 30, 2023	10
Statements of Cash Flows for the Years Ended June 30, 2024 and 2023	11
Notes to Financial Statements	12-21
Supplementary Information	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	23-24
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2024	25



Independent Auditor's Report

The Board of Trustees
Rochdale Early Advantage Charter School
Queens, New York

Opinion

We have audited the financial statements of Rochdale Early Advantage Charter School (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 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 audit.



Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024 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.

BDO USA, P.C.

October 28, 2024

Financial Statements

Rochdale Early Advantage Charter School

Statements of Financial Position

<i>June 30,</i>	2024	2023
Assets		
Cash and cash equivalents	\$ 6,719,849	\$ 5,943,776
Restricted cash	100,260	100,240
Grants and other receivables, net of credit losses	834,430	847,148
Prepaid expenses and other assets	14,956	20,903
Right-of-use-asset, operating lease	880,260	-
Property and equipment, net	3,587,864	3,564,863
Total Assets	\$ 12,137,619	\$ 10,476,930
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 178,148	\$ 132,478
Accrued salaries and other payroll related expenses	779,938	737,519
Lease liabilities, operating lease	880,260	-
Total Liabilities	1,838,346	869,997
Commitments and Contingencies		
Net Assets- Without Donor Restrictions	10,299,273	9,606,933
Total Liabilities and Net Assets	\$ 12,137,619	\$ 10,476,930

See accompanying notes to the financial statements.

Rochdale Early Advantage Charter School

Statements of Activities

<i>Year ended June 30,</i>	2024	2023
	Without Donor Restrictions	
Revenue and Support		
State and local per-pupil operating revenue	\$ 10,297,366	\$ 9,667,778
Federal grants	426,141	381,528
State Grants	33,176	33,993
Contributions and other grants	596	11,890
Total Revenue and Support	10,757,279	10,095,189
Expenses		
Program services:		
General education	6,515,282	5,592,578
Special education	1,841,698	1,783,377
Total Program Services	8,356,980	7,375,955
Supporting services:		
Management and general	1,687,336	1,757,500
Fundraising	20,623	19,039
Total Supporting Services	1,707,959	1,776,539
Total Expenses	10,064,939	9,152,494
Change in Net Assets	692,340	942,695
Net Assets, beginning of the year	9,606,933	8,664,238
Net Assets, end of the year	\$ 10,299,273	\$ 9,606,933

See accompanying notes to financial statements.

Rochdale Early Advantage Charter School

Statement of Functional Expenses

Year ended June 30, 2024

	Number of Positions	Program Services			Supporting Services			Total
		General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel Service Costs								
Administrative staff personnel	12	\$ 12,745	\$ 6,373	\$ 19,118	\$ 886,229	\$ 12,745	\$ 898,974	\$ 918,092
Instructional personnel	60	3,549,940	1,068,383	4,618,323	-	-	-	4,618,323
Total Salaries and Staff	72	3,562,685	1,074,756	4,637,441	886,229	12,745	898,974	5,536,415
Payroll taxes and employee benefits		660,810	204,797	865,607	172,596	2,482	175,078	1,040,685
Retirement		26,602	8,244	34,846	6,948	100	7,048	41,894
Legal fees		7,704	1,053	8,757	-	-	-	8,757
Accounting and audit services		99,788	13,639	113,427	-	-	-	113,427
Professional fees - other		391,419	87,114	478,533	227,403	729	228,132	706,665
Rent expense		622,657	192,973	815,630	162,631	2,339	164,970	980,600
Repairs and maintenance		80,803	25,042	105,845	21,105	304	21,409	127,254
Insurance		-	-	-	40,155	-	40,155	40,155
Utilities		20,727	6,424	27,151	5,414	78	5,492	32,643
Supplies/materials		304,287	41,591	345,878	-	-	-	345,878
Equipment/furnishings, non-capitalizable		15,409	4,776	20,185	9,154	58	9,212	29,397
Staff development		125,042	23,872	148,914	38,624	147	38,771	187,685
Student and staff recruitment		30,655	4,190	34,845	-	-	-	34,845
Technology		16,087	4,986	21,073	7,039	60	7,099	28,172
Food services		214,736	66,550	281,286	56,087	807	56,894	338,180
Student services		199,090	39,300	238,390	18,225	261	18,486	256,876
Office expense		37,363	11,580	48,943	9,759	140	9,899	58,842
Depreciation and amortization		99,418	30,811	130,229	25,967	373	26,340	156,569
		\$ 6,515,282	\$ 1,841,698	\$ 8,356,980	\$ 1,687,336	\$ 20,623	\$ 1,707,959	\$ 10,064,939

See accompanying notes to the financial statements.

Rochdale Early Advantage Charter School

Statement of Functional Expenses

Year ended June 30, 2023

	Number of Positions	Program Services			Supporting Services			Total
		General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel Service Costs								
Administrative staff personnel	10	\$ 12,190	\$ 6,095	\$ 18,285	\$ 944,082	\$ 12,190	\$ 956,272	\$ 974,557
Instructional personnel	62	3,166,863	1,089,301	4,256,164	-	-	-	4,256,164
Total Salaries and Staff	72	3,179,053	1,095,396	4,274,449	944,082	12,190	956,272	5,230,721
Payroll taxes and employee benefits		604,916	212,370	817,286	184,748	2,386	187,134	1,004,420
Retirement		18,190	6,386	24,576	5,555	72	5,627	30,203
Legal fees		3,160	366	3,526	-	-	-	3,526
Accounting and audit services		78,396	9,069	87,465	-	-	-	87,465
Professional fees - other		241,463	60,065	301,528	262,379	538	262,917	564,445
Rent expense		590,571	207,333	797,904	180,367	2,329	182,696	980,600
Repairs and maintenance		70,519	24,757	95,276	21,537	278	21,815	117,091
Insurance		-	-	-	33,950	-	33,950	33,950
Utilities		7,935	2,786	10,721	2,423	31	2,454	13,175
Supplies/materials		328,086	37,952	366,038	-	-	-	366,038
Equipment/furnishings, non-capitalizable		15,642	5,492	21,134	10,572	62	10,634	31,768
Staff development		113,086	23,086	136,172	34,949	168	35,117	171,289
Student and staff recruitment		11,495	1,330	12,825	-	-	-	12,825
Technology		20,656	7,252	27,908	7,256	81	7,337	35,245
Food services		3,083	1,082	4,165	942	12	954	5,119
Student services		148,350	33,194	181,544	20,803	269	21,072	202,616
Office expense		43,323	15,209	58,532	12,920	171	13,091	71,623
Depreciation and amortization		114,654	40,252	154,906	35,017	452	35,469	190,375
		\$ 5,592,578	\$ 1,783,377	\$ 7,375,955	\$ 1,757,500	\$ 19,039	\$ 1,776,539	\$ 9,152,494

See accompanying notes to the financial statements.

Rochdale Early Advantage Charter School

Statements of Cash Flows

<i>Year ended June 30,</i>	2024	2023
Cash Flows from Operating Activities		
Cash received from operating revenue	\$ 10,756,683	\$ 9,715,272
Cash paid to employees and suppliers	(9,801,616)	(9,042,212)
Other cash received	596	11,890
Net Cash Provided by Operating Activities	955,663	684,950
Cash Flows from Investing Activities		
Purchase of property and equipment	(179,570)	(1,701,017)
Construction in progress	-	1,357,100
Net Cash Used in Investing Activities	(179,570)	(343,917)
Net Increase in Cash	776,093	341,033
Cash, Cash Equivalents and Restricted Cash, beginning of year	6,044,016	5,702,983
Cash, Cash Equivalents and Restricted Cash, end of year	\$ 6,820,109	\$ 6,044,016
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 692,340	\$ 942,695
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	156,569	190,375
Amortization of lease	838,501	-
Changes in operating assets and liabilities:		
Grants and other receivables	12,718	(355,787)
Prepaid expenses and other assets	5,947	(2,107)
Accounts payable and accrued expenses	45,670	(107,955)
Accrued salaries and other payroll related expenses	42,419	29,969
Principal lease reduction	(838,501)	-
Due to NYC Department of Education	-	(12,240)
Net Cash Provided by Operating Activities	\$ 955,663	\$ 684,950
Supplemental Disclosure of Cash Flow Information		
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 6,719,849	\$ 5,943,776
Restricted cash	100,260	100,240
Cash, Cash Equivalents and Restricted Cash, end of year	\$ 6,820,109	\$ 6,044,016

See accompanying notes to the financial statements.

Rochdale Early Advantage Charter School

Notes to Financial Statements

1. Nature of the Organization

Rochdale Early Advantage Charter School (the School) is a New York State, not-for-profit educational corporation that was incorporated on December 15, 2009 to operate a charter school pursuant to Article 56 of the Educational Law of the State of New York. On January 15, 2008, the Board of Regents of the University of the State of New York granted the School a provisional charter. The charter is renewable by the Board of Regents of the University of the State of New York once the term expires. The School opened its doors in the Fall of 2010 in Rochdale, New York with a rigorous academic program and a highly structured and supportive school culture. The Board of Regents approved the School's renewal of its charter through June 30, 2027.

The School, as determined by the Internal Revenue Service, is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

The School operates classes for students in pre-kindergarten through eighth grade.

2. Significant Accounting Policies

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The classification of the School's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets - with donor restrictions or without donor restrictions - be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions - Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions - Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions, and are, therefore, available for general operations.

At June 30, 2024 and 2023, the School had no assets with donor restrictions.

Rochdale Early Advantage Charter School

Notes to Financial Statements

Cash and Cash Equivalents

The School considers highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. The School has not experienced any losses on these accounts. At June 30, 2024 and 2023, an escrow account of \$100,260 and \$100,240, respectively, was held aside under the provisions of the School's charter to pay for legal and audit expenses that would be associated with a dissolution should it occur, as required by the New York State Education Department.

Grants and Other Receivables

Grants and other receivables represent amounts due from federal and state grants. Grants and other receivables are expected to be collected within one year, are recorded at net realizable value, and amount to \$834,430 and \$847,148 at June 30, 2024 and 2023, respectively. The School evaluates the collectivity of the receivables and employs the allowance method. The School has determined that no allowance for uncollectible accounts for grants and other receivables is necessary at June 30, 2024 and 2023. Such estimate is based on management's assessments of the aged basis of its receivables, as well as current economic conditions and historical information.

Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a measurable barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the School fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances. There were no conditional contributions for the years ended June 30, 2024 and 2023.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets as to time or purpose restrictions.

Contributions subject to donor restrictions are recognized in changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in changes in net assets without donor restrictions in the statement of activities. At June 30, 2024 and 2023, the School had no conditional contributions.

Revenue Recognition

Per-Pupil Revenue

The School recognizes revenues from per-pupil funding in the fiscal year in which the academic programs are provided. Per-pupil revenue is billed and received based on the total number of full-time equivalent (FTE) students and the basic charter school tuition rate for the school district of residence of the students attending the School in any given fiscal year for general education and

Rochdale Early Advantage Charter School

Notes to Financial Statements

special education. The FTE is formula-driven and based on the number of days the student has been with the School as a proportion of the number of days in the entire school year (the calculation is done by using the New York State calculator online). The School's total student population includes general education and special education students. The School has determined that revenue from its students has the same performance obligations, types of contract, and services rendered. As a result, the student body is viewed as one customer base for revenue purposes. The School uses a portfolio approach to account for per-pupil contracts as a collective group rather than recognizing revenue on an individual-contract basis. The School believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

Per-pupil invoicing is managed on a bi-monthly basis to the funding source (local school district). Billing is a function of student enrollment for the upcoming fiscal year, which is the basis for the first two invoices per-pupil due June 1st and July 31st, which is a projection. Subsequent invoices are due bi-monthly. With the implementation of an automated-invoicing process through a dedicated website, the submission of each invoice is done online. After the year is complete, the School submits the FTE per-pupil reconciliation, listing every student who attended any part of the year, and the FTE each represents. Based on this final count, it calculates how much should have been paid to the School and included in the reconciliation will be any amounts due from the funding source included in grants and other receivables on the statement of financial position at year end, or any amounts payable to the funding source included as a liability on the statement of financial position at year end, as amounts are trued up to actual based on actual numbers submitted at year end.

Additional funding is also provided to support special education services. All students who are identified to need special education services or settings have an Individualized Education Program (IEP), formalized for his or her unique needs. Based on this IEP, the student is categorized into one of three levels of service: 0-20% service, 20-60% service, or 60% or more service required and provided by the School. For a student receiving less than 20% in services, no additional funding is received. For a student receiving services between 20% and 60% and 60% or more services of the school day, additional funding per FTE is received. Billing for this support is incorporated into the per-pupil invoices and is also settled in the same FTE per-pupil reconciliation process.

As the students receive the benefit of these services simultaneously as the School is providing them, the School recognizes per-pupil revenue from these services over time. The School believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to students receiving academic or school services. The School measures the performance obligation from admission or enrollment into the School to the point when the student is discharged or the end of the school year where it is no longer required to provide services to the student, which is generally at the time of discharge or the completion of the school year. All of these services are bundled and considered a single-performance obligation, and as such, the School accounts for these bundled-performance obligations under state and local per-pupil operating revenue in the statement of activities and recognizes the per-pupil revenue over time.

Contract Assets and Contract Liabilities

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification *Revenue from Contracts with Customers* (ASC 606), contract assets are to be recognized when an

Rochdale Early Advantage Charter School

Notes to Financial Statements

entity has the right to receive consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. The School does not recognize contract assets, as the right to receive consideration is unconditional in accordance with the passage of time criteria. Also, in accordance with ASC 606, contract liabilities are to be recognized when an entity is obligated to transfer goods or services for which consideration has already been received. The School does not receive consideration prior to the transfer of goods or services and, therefore, does not recognize contract liabilities.

Government Grants

Revenue from federal, state, and local government grants and contracts is recognized by the School when qualifying expenditures are incurred and billable to the government, or when required services have been provided. Government grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under *Not-for-Profit Entities* (ASC 958).

Revenue is comprised of the following:

<i>Year ended June 30,</i>	2024	2023
State and local per-pupil revenue	\$ 10,297,366	\$ 9,667,778
Total Revenue from Contracts Subject to ASC 606	10,297,366	9,667,778
Total Other Revenues Not Subject to ASC 606 ⁽¹⁾	459,913	427,411
Total Operating Revenues	\$ 10,757,279	\$ 10,095,189

⁽¹⁾ Other revenues not subject to ASC 606 include government grants, contributions and other grants.

The School had \$175,497 and \$117,481 of accounts receivable subject to ASC 606 at June 30, 2024 and 2023, respectively.

Contributions of Nonfinancial Assets

The School may receive contributed services that are an integral part of its operations. Such services are only recorded as contributions of nonfinancial assets, at their fair value, provided the services received create or enhance nonfinancial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased, if not provided by donation. There were no contributions of nonfinancial assets recorded during the year ended June 30, 2024.

Property and Equipment

Property and equipment, net are stated at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful life of the asset or the lease term. The School has established a \$3,000 threshold above which assets are evaluated to be capitalized. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized, based on the established threshold.

Rochdale Early Advantage Charter School

Notes to Financial Statements

Construction in Progress

Construction in progress represents costs incurred for assets that are not yet ready for their intended use. Depreciation of these assets begin once they have been placed in service and are available for use in the operations of the School.

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the years ended June 30, 2024 and 2023.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis and by natural classification in the accompanying statement of activities. Accordingly, certain costs have been allocated among the respective programs and activities according to the functional categories, as follows:

Program Services - This category represents expenses related to general education and special education for certain students requiring additional attention and guidance. These costs are allocated based on the FTE allocation method.

Management and General - This category represents expenses related to the overall administration and operation of the School that are not specific to any program services or development. These costs are allocated based on time and effort.

Fundraising - This category represents expenses directly associates with the School's effort to raise funds to support the operations for the School. These costs are allocated based on time and effort.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The School is exempt from federal, state and local income taxes under Section 501(c)(3) of the IRC and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the IRC. There was no unrelated business income for the years ended June 30, 2024 and 2023.

Under GAAP, an organization must recognize the tax benefit associate with tax positions taken for tax-return purposes when it is more likely than not that the position will not be sustained upon

Rochdale Early Advantage Charter School

Notes to Financial Statements

examination by a taxing authority. The School does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The School is subject to routine audits by a taxing authority. As of June 30, 2024, the School was not subject to any examination by a taxing authority.

Credit Losses

The School recognizes credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the year-end. Such amounts are based on the credit losses expected to arise over the life of the asset (contractual term), which includes consideration of prepayments and is based on the expectation as of the financial position date.

Assets are written off when the School determines that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the financial position date.

The School pools its accounts receivable based on similar risk characteristics in estimating expected credit losses. In situations where certain accounts receivable do not share same risk characteristics with other receivables, the School measures the expected credit losses for those receivables individually. The School also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The School determines its estimated credit losses for accounts receivable using a loss rate approach in determining its lifetime expected credit losses on its receivables from customers. This method is used for calculating an estimate of losses based primarily on the School's historical loss experience. In determining its loss rates, the School evaluates information related to its historical losses, adjusted for current conditions, and further adjusted for the period of time that the School can reasonably forecast. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: the customers' creditworthiness, changes in policy and procedures, existence, and effect of any concentration of credit and changes in level of such considerations, and the current and forecasted direction of the economic and operation environment.

Reclassification

Certain amounts in the 2023 financial statements or notes to financial statements were classified to conform with the 2024 presentation. These reclassifications had no effect on the School's financial position and change in net assets.

Recently Adopted Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use new forward looking

Rochdale Early Advantage Charter School

Notes to Financial Statements

“expected loss” model that generally will result in earlier recognition of credit losses than under today’s incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The School adopted the ASU effective July 1, 2023, and the adoption did not have a material impact on the financial statements.

3. Liquidity and Availability of Resources

The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The School’s management meets monthly to address projected cash flows to meet its operational expenditures. The School’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

<i>As of June 30,</i>	2024	2023
Cash and cash equivalents	\$ 6,719,849	\$ 5,943,776
Restricted cash	100,260	100,240
Grants and other receivables	834,430	847,148
Total Financial Assets	7,654,539	6,891,164
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract	(100,260)	(100,240)
Total Financial Assets Available to Management for General Expenditures Within One Year	\$ 7,554,279	\$ 6,790,924

4. Property and Equipment

Property and equipment, net consist of the following:

<i>As of June 30,</i>	2024	2023	Estimated Useful Lives (in years)
Furniture and fixtures	\$ 382,888	\$ 288,727	7
Computer hardware and software	1,091,499	1,026,474	3
Equipment	64,634	44,250	5
Leasehold improvement	2,075,382	2,075,382	Lesser of useful life of asset or lease term
Construction in progress	1,530,000	1,530,000	
	5,144,403	4,964,833	
Less: accumulated depreciation and amortization	(1,556,539)	(1,399,970)	
Property and Equipment, Net	\$ 3,587,864	\$ 3,564,863	

Rochdale Early Advantage Charter School

Notes to Financial Statements

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$156,569 and \$190,375, respectively. There are no more costs to be incurred towards construction in progress and the building is going into service in 2025.

5. Leases

The School has adopted the provisions of ASC 842, *Leases*. For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), the School records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the School is reasonably certain to exercise the option to extend the lease.

The School amended their lease with New Jerusalem Baptist Church, effective January 1, 2018. The School is obligated under a non-cancelable sub-lease for office and classroom space expiring on June 30, 2023. The terms of the new lease include monthly rental payments of \$58,000 through October 1, 2019 and increase to \$75,000 a month until the expiration of the lease.

The lease also includes a security deposit of \$1,500,000 that will be applied towards the construction of the property. The \$1,500,000 security deposit is included in the accompanying statements of financial position under construction deposit.

In 2022, the Board voted to approve an additional \$1,500,000 towards the construction of the property. The School began construction of the property in 2022. Construction in progress amounted to \$30,000 at June 30, 2024 and 2023. As of June 30, 2024 and 2023, the School has no construction commitment.

In July 2023, the School entered into a two-year lease agreement for classroom and office space with the New Jerusalem Baptist Church effective July 1, 2023 which can be renewed bi-annually over a span of twenty years. The terms of the new lease include monthly rental payments of \$75,000 through June 30, 2025.

In September 2023, the School entered into a one-year lease agreement for classroom, office space and play area for purpose of operating a Universal Pre-Kindergarten with Rescue Church of Christ effective September 1, 2023 which can be renewed annually. The terms of the new lease include monthly rental payments of \$8,060 through June 30, 2024 and the monthly rental for renewal lease term will be at a rate greater than 7% or \$6,300.

The following tables summarize information related to the lease assets and liabilities:

Year ended June 30, 2024

Lease Costs

Operating lease cost:		
Amortization of right-of-use assets	\$	838,501
Interest on lease liabilities		61,499
Total Lease Cost	\$	900,000

Rochdale Early Advantage Charter School

Notes to Financial Statements

June 30, 2024

Right-of-use assets and liabilities:		
Operating lease right-of-use assets, net of amortization	\$	880,260
Operating lease liabilities		880,260

Weighted-average remaining lease term - operating leases (years)		1.00
Weighted-average discount rate - operating leases (%)		4.87

For operating leases, right-of-use assets are recorded in right-of-use assets, operating lease net and lease liabilities are recorded in operating lease liabilities in the accompanying statements of financial position. Amortization expense and interest expense are recorded as a component of building lease and rent expense within statement of functional expense.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of June 30, 2024:

June 30, 2024

2025	\$	900,000
Total Minimum Lease Payments		900,000
Less: imputed interest		(19,740)
Present Value of Net Minimum Lease Payments	\$	880,260

6. Risk Management

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks. The School also intends to defend its positions on these matters. As of June 30, 2024, there are no matters for which the School believes the ultimate outcome would have a material adverse effect on the School's financial position.

The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund. The School is of the opinion that such cost disallowances, if any, will not have a material effect in the School's financial statements and will record them in the fiscal year they become known.

7. Pension Plan

The School adopted a 403(B) plan (the Plan) which covers most of the employees. The Plan is a defined contribution plan. Full time employees are eligible to enroll in the Plan on a monthly date with no minimum service time required. The Plan provides for the School to contribute up to 2% of participating employees' salaries. The School contribution becomes fully vested after six years. For the years ended June 30, 2024 and 2023, pension expense for the School was \$41,894 and \$30,203,

Rochdale Early Advantage Charter School

Notes to Financial Statements

respectively, which is included in retirement in the accompanying statements of functional expenses.

8. Concentration Risks

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash accounts.

The School received approximately 96% of its total revenue from per-pupil funding from New York City Department of Education for the years ended June 30, 2024 and 2023.

The School's grants and other receivables consist of three major grantors accounting for 84% at June 30, 2024 and 80% at June 30, 2023.

The School's payables consist of three major vendors accounting for approximately 53% and 49% at June 30, 2024 and 2023, respectively.

9. Subsequent Events

The School has evaluated events through October 28, 2024, which is the date the financial statements were available to be issued. There were no other subsequent events requiring adjustment to the financial statements or disclosures.

Supplementary Information



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Trustees
Rochdale Early Advantage Charter School
Queens, 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 Rochdale Early Advantage Charter School (the School), which comprise the School's statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2024.

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 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 or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

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

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.

BDO USA, P.C.

October 28, 2024

Rochdale Early Advantage Charter School

Schedule of Findings and Questioned Costs June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Section II. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.