

John V. Lindsay Wildcat Charter School

Audited Financial Statements

In Accordance with *Government Auditing Standards*

June 30, 2023

John V. Lindsay Wildcat Charter School

Audited Financial Statements

June 30, 2023

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Independent Auditor's Report

Board of Trustees
John V. Lindsay Wildcat Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of John V. Lindsay Wildcat Charter School (the "School"), which comprise the statement of financial position as of June 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023, 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 ("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 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 the School's ability to continue as a going concern within one year after the date that the financial statements are issued or 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.

Report on Summarized Comparative Information

The financial statements of the School as of and for the year ended June 30, 2022, were audited by other auditors whose report dated October 3, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects with the audited financial statement from which it was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023, 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.

Sax CPAs LLP

New York, NY
October 16, 2023

John V. Lindsay Wildcat Charter School

Statement of Financial Position

At June 30, 2023
(With comparative totals at June 30, 2022)

	June 30,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 592,188	\$ 662,925
Investments	2,993,758	2,648,086
Government grants receivable		
New York City Department of Education	113,163	-
Government grants receivable - other	370,518	293,276
Other receivables	4,427	363
Prepaid expenses	157,724	120,363
Short-term operating lease right-of-use assets	1,810,108	-
Total current assets	<u>6,041,886</u>	<u>3,725,013</u>
NON-CURRENT ASSETS		
Fixed assets, net	230,319	216,860
Security deposit	500,000	500,000
Long-term operating lease right-of-use assets	11,702,803	-
Restricted cash	70,448	70,434
Total non-current assets	<u>12,503,570</u>	<u>787,294</u>
TOTAL ASSETS	\$ 18,545,456	\$ 4,512,307
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 127,010	\$ 154,907
Accrued expenses	1,059,251	999,173
Government grant advance		
New York City Department of Education	-	71,597
Government grant advance - other	-	170,883
Conditional contributions	-	33,750
Deferred rent	-	427,867
Short-term lease liabilities	1,705,963	-
Total current liabilities	<u>2,892,224</u>	<u>1,858,177</u>
LONG-TERM LIABILITIES		
Long-term lease liabilities	12,269,336	-
Total long-term liabilities	<u>12,269,336</u>	<u>-</u>
TOTAL LIABILITIES	15,161,560	1,858,177
NET ASSETS		
Without donor restrictions	3,362,311	2,635,130
With donor restrictions	21,585	19,000
Total net assets	<u>3,383,896</u>	<u>2,654,130</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 18,545,456	\$ 4,512,307

The attached Notes and Auditor's Report are an Integral Part of these Financial Statements.

John V. Lindsay Wildcat Charter School

Statement of Activities

For The Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/23	Total 6/30/22
PUBLIC SUPPORT AND REVENUE				
Revenue - resident student enrollment	\$ 6,010,202	\$ -	\$ 6,010,202	\$ 5,478,511
Revenue - students with special education services	1,421,782	-	1,421,782	1,375,918
Total public school district revenue	7,431,984	-	7,431,984	6,854,429
Other government grants	3,027,562	-	3,027,562	2,699,511
Private grants	-	4,085	4,085	15,582
Investment return	229,048	-	229,048	(285,241)
Other revenue	136,928	-	136,928	33,342
Net assets released from donor restrictions	1,500	(1,500)	-	-
Total public support and revenue	10,827,022	2,585	10,829,607	9,317,623
EXPENSES				
Program services:				
Regular education	2,961,689	-	2,961,689	3,492,154
Special education	3,081,224	-	3,081,224	2,511,462
Other programs	2,533,230	-	2,533,230	2,354,031
Total program services	8,576,143	-	8,576,143	8,357,647
Supporting services:				
Management and general	1,492,036	-	1,492,036	1,211,555
Fundraising	31,662	-	31,662	33,170
Total supporting services	1,523,698	-	1,523,698	1,244,725
Total expenses	10,099,841	-	10,099,841	9,602,372
Change in net assets	727,181	2,585	729,766	(284,749)
NET ASSETS, <i>beginning of year</i>	2,635,130	19,000	2,654,130	2,938,879
NET ASSETS, <i>end of year</i>	\$ 3,362,311	\$ 21,585	\$ 3,383,896	\$ 2,654,130

The attached Notes and Auditor's Report are an Integral Part of these Financial Statements.

John V. Lindsay Wildcat Charter School

Statement of Functional Expenses

For The Year Ended June 30, 2023

(With comparative totals for the year ended June 30, 2022)

	Program Services				Supporting Services			Total Expenses 6/30/2022
	Regular Education	Special Education	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel services:								
Administrative staff personnel	\$ 414,016	\$ 355,074	\$ 166,650	\$ 935,740	\$ 776,340	\$ 21,921	\$ 798,261	\$ 1,734,001
Instructional staff personnel	538,116	878,140	664,241	2,080,497	2,625	656	3,281	2,083,778
Non-instructional staff personnel	250,774	211,101	177,332	639,207	72,682	-	72,682	711,889
Total personnel services	1,202,906	1,444,315	1,008,223	3,655,444	851,647	22,577	874,224	4,529,668
Employee benefits and payroll taxes	310,529	365,667	220,876	897,072	189,340	5,476	194,816	1,091,888
Retirement	125,889	144,945	89,889	360,723	8,142	2,109	10,251	370,974
Accounting and audit services	-	-	-	-	49,823	-	49,823	49,823
Other purchased professional and consulting services	-	-	948,789	948,789	78,783	-	78,783	1,027,572
Occupancy and facility costs	1,069,355	910,932	-	1,980,287	220,036	-	220,036	2,200,323
Repairs and maintenance	14,713	12,533	3,200	30,446	3,057	-	3,057	33,503
Insurance	33,896	28,902	-	62,798	6,992	-	6,992	69,790
Utilities	87,425	74,369	123,645	285,439	17,968	-	17,968	303,407
Supplies and materials	28,315	24,120	26,675	79,110	176	-	176	79,286
Equipment and furnishings	183	156	-	339,00	499	-	499	838
Staff development	-	-	12,939	12,939	4,800	-	4,800	17,739
Marketing and recruitment	51	43	-	94,00	5,168	-	5,168	5,262
Technology	17,386	14,801	18,720	50,907	29,712	-	29,712	80,619
Student services	33,227	28,229	-	61,456	601	1,500	2,101	63,557
Office expense	16,487	14,045	353	30,885	6,574	-	6,574	37,459
Depreciation and amortization	14,288	12,171	60,451	86,910	2,941	-	2,941	89,851
Other	7,039	5,996	19,470	32,505	15,777	-	15,777	48,282
Total expenses	\$ 2,961,689	\$ 3,081,224	\$ 2,533,230	\$ 8,576,143	\$ 1,492,036	\$ 31,662	\$ 1,523,698	\$ 10,099,841
								\$ 9,602,372

The attached Notes and Auditor's Report are an Integral Part of these Financial Statements.

John V. Lindsay Wildcat Charter School

Statement of Cash Flows

For The Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 729,766	\$ (284,749)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities		
Depreciation and amortization	89,851	56,284
Net unrealized and realized (gain)/loss on investments	(209,827)	322,242
The change in operating lease right-of-use assets and liabilities	462,388	-
Changes in assets and liabilities		
Government grants receivable -		
New York City Department of Education	(113,163)	7,875
Government grants receivable - other	(77,242)	(97,599)
Other receivables	(4,064)	49
Prepaid expenses	(37,361)	(42,699)
Security deposit	-	90
Accounts payable	(27,897)	56,171
Accrued expenses	60,078	(239,370)
Government grant advance		
New York City Department of Education	(71,597)	71,597
Government grant advance - other	(170,883)	167,693
Conditional contributions	(33,750)	33,750
Deferred rent	(427,867)	(150,819)
Total adjustments	(561,334)	185,264
Net cash flows provided by/(used for) operating activities	168,432	(99,485)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(103,310)	(180,854)
Purchase of investments	(6,671,263)	(3,365,465)
Proceeds from sale of fixed assets	6,535,418	3,629,236
Net cash flows (used for)/provided by investing activities	(239,155)	82,917
Net decrease in cash, cash equivalents and restricted cash	(70,723)	(16,568)
Cash, cash equivalents and restricted cash, <i>beginning of year</i>	733,359	749,927
Cash, cash equivalents and restricted cash, <i>end of year</i>	\$ 662,636	\$ 733,359
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 592,188	\$ 662,925
Restricted cash	70,448	70,434
Total cash, cash equivalents and restricted cash	\$ 662,636	\$ 733,359

The attached Notes and Auditor's Report are an Integral Part of these Financial Statements.

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 1 - Nature of Activities

Effective September 1, 2000, John V. Lindsay Wildcat Charter School (the "School") was granted a charter by the University of the State of New York, Education Department. The School's charter, which ended August 31, 2021 was renewed for five more years by the New York State Board of Regents through 2026. The School is an inner-city high school serving adolescents who are at risk of failure due to poor attendance, disruptive behavior, criminal activity, and poor academic achievement.

The School has the following programs:

- Regular Education - builds the foundation of knowledge, skills, and competencies for a substantive undergraduate academic experience, a successful career, and a productive lifetime.
- Special Education - Instruction that is specially designed to meet the unique needs of children with disabilities.
- Other Programs - The School has academic programs that incorporate internship experiences and cooperative learning. The academic programs are characterized by heterogeneous grouping, cooperative learning, interdisciplinary teaching, and continual assessment of students' progress towards meeting New York State learning Standards and Regents exam requirements.

The School was organized under the Not-For-Profit Corporation Law of the State of New York and has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a). The School's main source of revenue is public school district revenue and government grants.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Standards

Effective July 1, 2022, the School adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The School elected transition relief that allows entities, in the period of adoption, to present the current period under FASB ASC 842 and the comparative period under FASB ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing FASB ASU No. 2016-02, the School recognized right-of-use ("ROU") assets of \$15,152,645 and lease liabilities of \$15,477,017 on the statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

b. Recently Adopted Accounting Standards - Continued

Effective July 1, 2022, the School adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the consolidated statement of activities and additional disclosures. Adoption of this standard did not have a material impact on the School's financial statements.

c. Basis of Presentation

The School reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* - represents all activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

d. Revenue Recognition

The School follows FASB ASC 958-605 for recording contributions, which are recognized when they are considered unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions, which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

The School's public school district revenue and other government grants are primarily conditional, non-exchange transactions and fall under FASB ASC 958-605. Revenue from these transactions is recognized when performance related outcomes are achieved and other conditions under the agreements are met.

Unconditional promises to give and grants that are expected to be collected within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using an interest-free discount rate, when deemed material. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2023 and 2022. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollected.

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

e. Cash and Cash Equivalents

Checking and money market accounts with local banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statement of cash flows. Cash maintained in escrow per requirements of the New York City Department of Education (“NYCDOE”) are treated as restricted cash.

f. Concentration of Credit Risk

Financial instruments that potentially subject the School to a concentration of credit risk consist of cash, money market accounts, and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of the School. At year end and at various times throughout the year, balances were in excess of insured amounts. The School has not suffered any losses due to bank failure.

g. Fair Value Measurement

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the School has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significance to the overall fair value measurement.

h. Leases

The School determines if an arrangement is or contains a lease at inception. Leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The School does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. The change in operating lease right-of-use asset and liability on the statement of cash flows includes the amortization of the ROU asset and accretion of the discounted lease liability.

i. Investments

Investments have been recorded at fair value. Unrealized gains and losses are included in revenue on the statement of activities.

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

j. Fixed Assets

Fixed assets that exceed \$5,000 and have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

- Office equipment - *three-year life*
- Furniture and fixtures - *seven- year life*
- Leasehold improvements - *life of lease*

k. Advertising Costs

The cost of advertising is expensed as incurred.

l. Donated Goods and Services

Donated goods and services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind, are recognized at fair value. The school did not receive any donated goods or services during the years ended June 30, 2023 and 2022.

Board members and other individuals volunteer their time and perform a variety of services that assists the School. These services do not meet the criteria of in-kind services and have not been recorded in the financial statements.

m. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated by time and effort reporting:

- Personnel services
- Employee benefits and payroll taxes
- Retirement

The following costs are allocated by the student full time equivalent ratio:

- Repairs and maintenance
- Insurance
- Utilities
- Supplies and materials
- Office expense
- Depreciation and amortization

The following costs are allocated by building usage:

- Occupancy and facility costs

All other expenses have been charged directly to the applicable program or supporting services.

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

n. Use of Estimates

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

o. Prior Year Comparative 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, 2022, from which the summarized information was derived.

p. Accounting for Uncertainty of Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

Note 3 - Investments

The following summarizes the composition of investments:

	June 30, 2023		
	Level 1	Level 2	Total
Cash	\$ 439,952	\$ -	\$ 439,952
U.S. Common stock	1,235,796	-	1,235,796
Government securities:			
U.S. Treasury securities	-	578,230	578,230
U.S Federal agency bonds	-	1,046	1,046
Certificates of Deposit	-	738,734	738,734
Total	<u>\$ 1,675,748</u>	<u>\$ 1,318,010</u>	<u>\$ 2,993,758</u>
	June 30, 2022		
	Level 1	Level 2	Total
Cash	\$ 643,081	\$ -	\$ 643,081
U.S. Common stock	1,070,255	-	1,070,255
Government securities:			
U.S. Treasury securities	-	933,721	933,721
U.S Federal agency bonds	-	1,029	1,029
Total	<u>\$ 1,713,336</u>	<u>\$ 934,750</u>	<u>\$ 2,648,086</u>

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 3 - Investments - Continued

Level 1 securities are valued at the closing price reported on the active market they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarizes investment return:

	6/30/23	6/30/22
Interest and dividends income	\$ 31,183	\$ 62,232
Realized gain on investments	2,447	84,246
Unrealized gain/(loss) on investments	207,380	(406,488)
Investment fees	(11,962)	(25,231)
Total	\$ 229,048	\$ (285,241)

Note 4 - Grants Receivable/(Advance) - New York City Department of Education ("NYCDOE")

Grants receivable as of June 30, 2023 and 2022 are as follows:

	6/30/23	6/30/22
Beginning (advance payable)/grants receivable	\$ (71,597)	\$ 7,875
Funding based on allowable FTEs	7,431,984	6,854,429
Advances received	(7,247,224)	(6,933,901)
Ending grants receivable/(advance payable)	\$ 113,163	\$ (71,597)

Note 5 – Fixed Assets

The following is a summary of fixed assets at June 30, 2023 and 2022:

	6/30/23	6/30/22
Furniture and fixtures	\$ 156,146	\$ 156,146
Office equipment	1,483,252	1,379,942
Leasehold improvements	517,092	517,092
Total	2,156,490	2,053,180
Less: accumulated depreciation	(1,926,171)	(1,836,320)
Total fixed assets, net	\$ 230,319	\$ 216,860

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 6 - Operating Lease Right-of-Use Assets and Operating Lease Liabilities

The School evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the School's right to use underlying assets for the lease term, and the lease liabilities represent the School's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The School has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities and the weighted average lease term as of June 30, 2023 was 3.01% and 7.41 years.

The School occupies space in lower Manhattan and the Bronx under separate lease agreements that expire on June 30, 2028 and August 31, 2032, respectively. The Bronx lease contains a five-year extension option, which will be negotiated to fair value if the School elects to exercise the option. The Manhattan lease does not include any extension options.

For the year ended June 30, 2023, total operating lease cost was \$2,199,271. There were no short-term lease costs during the year ended June, 30, 2023.

Cash paid for operating leases for the year ended June 30, 2023 was \$2,061,255. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b.

The aggregate future minimum lease payments under these operating leases as of June 30, 2023 are as follows:

For the years ending June 30,

2024	\$ 2,100,962
2025	2,142,674
2026	2,185,214
2027	2,228,599
2028	2,473,833
2029 and thereafter	<u>4,523,070</u>
	15,654,352
Less: present value discount at 3.01%	(1,679,053)
Total	<u>\$ 13,975,299</u>
Short-term lease liabilities	\$ 1,705,963
Long-term lease liabilities	<u>12,269,336</u>
Total	<u>\$ 13,975,299</u>

Note 7 - Restricted Cash

An escrow account has been established to meet the requirement of NYCDOE. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 8 - Net Assets With Donor Restrictions

A summary of net assets with donor restrictions is as follows:

	June 30, 2023			
		Restricted	Released	
	7/1/22	Contributions	from Restrictions	6/30/23
Michael Steiner Memorial fund	\$ 4,000	\$ 2,000	\$ -	\$ 6,000
Engineering program	5,000	85	-	5,085
Culinary program	10,000	-	-	10,000
Scholarships	-	2,000	(1,500)	500
Total	\$ 19,000	\$ 4,085	\$ (1,500)	\$ 21,585

	June 30, 2022			
		Restricted	Released	
	7/1/21	Contributions	from Restrictions	6/30/22
Michael Steiner Memorial fund	\$ 4,000	\$ -	\$ -	\$ 4,000
Engineering program	-	5,000	-	5,000
Culinary program	-	10,000	-	10,000
Total	\$ 4,000	\$ 15,000	\$ -	\$ 19,000

Note 9 - Significant Concentration

The School and the NYCDOE signed an agreement, which permits the School to operate the charter. Approximately 69% and 74% of the School's total public support and revenue was received from the NYCDOE in 2023 and 2022, respectively.

Note 10 - Multi-Employer Benefit Plan

The School participates in a multi-employer benefit plan that provides defined benefits to certain contract labor covered by a collective bargaining agreement. The School contributed \$358,277 and \$514,615 to the plan during the years ended June 30, 2023 and 2022, respectively. The School's participation in this plan for the annual period ended June 30, 2023 is outlined below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN"). The most recent Pension Protection Act ("PPA") zone status is not applicable because it is a government plan. As of the most current report on file with the City of New York's Office of the Actuary, which for the fiscal year ending June 30, 2022, the net position restricted for benefits were \$64,009,000,000 and the accumulated benefit obligations were \$78,721,000,000, which results in the plan being 81% funded.

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 10 - Multi- Employer Benefit Plan - Continued

Information on the Teachers' Retirement System of the City of New York Pension Plan as of June 30, 2023 is as follows:

<u>EIN/ Pension Plan Number</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>Collective Bargaining Agreement Date</u>	<u>Contribution</u>
90-0584726	6/30/2023	N/A	11/30/2027	<u>\$ 358,277</u>

Note 11 - 403(b) Retirement Plan

The School has a retirement plan under IRS Section 403(b). All eligible employees (as defined by the plan) may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. The School can provide a discretionary match to eligible employees. The School provided a match of \$2,500 for the years ended June 30, 2023 and 2022.

Note 12 - Availability and Liquidity

The following reflects the School's financial assets at June 30, 2023 that are available to meet cash needs for general expenditures within one year:

Financial assets, at year end	
Cash and cash equivalents	\$ 592,188
Investments	2,993,758
Government grants receivable	
New York City Department of Education	113,163
Government grants receivable - other	370,518
Other receivables	<u>4,427</u>
Total financial assets	\$ 4,074,054
Less those unavailable for general expenditures:	
Donor contributions restricted to specific purposes	<u>(21,585)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,052,469</u>

The school maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the School operates its programs within a board approved budget and relies on grants and earned income to fund its operations and program activities.

John V. Lindsay Wildcat Charter School

Notes to Financial Statements

June 30, 2023

Note 13 - Subsequent Events

Subsequent events have been evaluated through October 16, 2023, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.



**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 Auditor's Report

To the Board of Trustees of
John V. Lindsay Wildcat Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of John V. Lindsay Wildcat Charter School (the "School"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 16, 2023.

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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 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.

Sax CPAs LLP

New York, New York
October 16, 2023

John V. Lindsay Wildcat Charter School

Schedule of Findings and Questioned Costs

June 30, 2023

Current Year:

None

Prior Year:

None.