

# **Launch Expeditionary Learning Charter School**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

June 30, 2022 and 2021

# Launch Expeditionary Learning Charter School

## Financial Statements and Uniform Guidance Schedules Together With Independent Auditors' Reports

June 30, 2022 and 2021

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## Independent Auditors' Report

### Board of Trustees Launch Expeditionary Learning Charter School

#### *Opinion*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the 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 Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 16, as required by Title 2 U.S. Code of Federal Regulations 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 schedule of expenditures of federal awards 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 23, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*  
Harrison, New York  
September 23, 2022

# Launch Expeditionary Learning Charter School

## Statements of Financial Position

	June 30,	
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,683,797	\$ 2,511,787
Grants and contracts receivable	796,170	283,464
Prepaid expenses and other current assets	<u>80,957</u>	<u>120,355</u>
Total Current Assets	2,560,924	2,915,606
Property and equipment, net	273,012	274,852
Restricted cash	<u>100,232</u>	<u>75,528</u>
	<u>\$ 2,934,168</u>	<u>\$ 3,265,986</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 99,878	\$ 151,250
Accrued payroll and payroll taxes	<u>436,295</u>	<u>399,446</u>
Total Current Liabilities	<u>536,173</u>	<u>550,696</u>
Net Assets		
Without donor restrictions	2,286,768	2,431,011
With donor restrictions	<u>111,227</u>	<u>284,279</u>
Total Net Assets	<u>2,397,995</u>	<u>2,715,290</u>
	<u>\$ 2,934,168</u>	<u>\$ 3,265,986</u>

See notes to financial statements

## Launch Expeditionary Learning Charter School

### Statement of Activities Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
State and local per pupil operating revenue	\$ 5,666,251	\$ -	\$ 5,666,251
Federal grants	859,859	-	859,859
Federal IDEA and E-rate	181,046	-	181,046
State and city grants	22,081	-	22,081
Contributions and grants	31,694	166,841	198,535
Interest and other income	635	-	635
Net assets released from restrictions	339,893	(339,893)	-
Total Revenue and Support	7,101,459	(173,052)	6,928,407
<b>EXPENSES</b>			
Program Services			
Regular education	3,805,718	-	3,805,718
Special education	2,551,339	-	2,551,339
Total Program Services	6,357,057	-	6,357,057
Supporting Services			
Management and general	661,241	-	661,241
Fundraising	227,404	-	227,404
Total Expenses	7,245,702	-	7,245,702
Change in Net Assets	(144,243)	(173,052)	(317,295)
<b>NET ASSETS</b>			
Beginning of year	2,431,011	284,279	2,715,290
End of year	\$ 2,286,768	\$ 111,227	\$ 2,397,995

See notes to financial statements

## Launch Expeditionary Learning Charter School

### Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
State and local per pupil operating revenue	\$ 5,909,898	\$ -	\$ 5,909,898
Federal grants	310,103	-	310,103
Federal IDEA and E-rate	106,484	-	106,484
State and city grants	23,726	-	23,726
Contributions and grants	9,724	586,000	595,724
Interest and other income	2,472	-	2,472
Net assets released from restrictions	351,721	(351,721)	-
Total Revenue and Support	6,714,128	234,279	6,948,407
<b>EXPENSES</b>			
Program Services			
Regular education	3,557,313	-	3,557,313
Special education	2,268,497	-	2,268,497
Total Program Services	5,825,810	-	5,825,810
Supporting Services			
Management and general	536,364	-	536,364
Fundraising	145,759	-	145,759
Total Expenses	6,507,933	-	6,507,933
Change in Net Assets	206,195	234,279	440,474
<b>NET ASSETS</b>			
Beginning of year	2,224,816	50,000	2,274,816
End of year	\$ 2,431,011	\$ 284,279	\$ 2,715,290

See notes to financial statements

**Launch Expeditionary Learning Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2022

	No. of Positions	Program Services			Support Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Service Costs							
Administrative staff personnel	16	\$ 719,805	\$ 378,501	\$ 1,098,306	\$ 320,289	\$ 146,790	\$ 1,565,385
Instructional personnel	31	1,258,321	1,173,498	2,431,819	-	-	2,431,819
Non-instructional personnel	8	375,207	140,319	515,526	4,900	16,938	537,364
Total Personnel Service Costs	55	2,353,333	1,692,318	4,045,651	325,189	163,728	4,534,568
Fringe benefits and payroll taxes		513,016	368,127	881,143	71,908	36,149	989,200
Retirement		26,087	18,719	44,806	3,656	1,838	50,300
Audit services		-	-	-	36,250	-	36,250
Other purchased / professional / consulting services		339,179	187,882	527,061	137,611	12,829	677,501
Repairs and maintenance		6,308	2,298	8,606	-	-	8,606
Insurance		29,161	10,624	39,785	-	-	39,785
Supplies / materials		180,915	69,323	250,238	1,142	585	251,965
Equipment / furnishings		25,281	9,210	34,491	-	-	34,491
Staff development		21,134	15,444	36,578	2,590	1,325	40,493
Marketing / recruitment		98,565	38,674	137,239	926	473	138,638
Technology		71,543	41,226	112,769	5,069	2,595	120,433
Student services		15,523	5,655	21,178	-	-	21,178
Office expense		33,513	24,491	58,004	4,241	2,102	64,347
Depreciation / amortization		83,081	60,714	143,795	10,180	5,211	159,186
Loss on disposal of property and equipment		9,079	6,634	15,713	1,112	569	17,394
Other		-	-	-	61,367	-	61,367
Total Expenses		<u>\$ 3,805,718</u>	<u>\$ 2,551,339</u>	<u>\$ 6,357,057</u>	<u>\$ 661,241</u>	<u>\$ 227,404</u>	<u>\$ 7,245,702</u>

See notes to financial statements



**Launch Expeditionary Learning Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2021

	No. of Positions	Program Services			Support Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Service Costs							
Administrative staff personnel	10	\$ 408,114	\$ 263,846	\$ 671,960	\$ 243,078	\$ 75,965	\$ 991,003
Instructional personnel	30	1,257,594	1,004,165	2,261,759	-	-	2,261,759
Non-instructional personnel	12	430,668	155,861	586,529	6,424	25,697	618,650
Total Personnel Service Costs	52	2,096,376	1,423,872	3,520,248	249,502	101,662	3,871,412
Fringe benefits and payroll taxes		470,024	316,052	786,076	57,166	21,413	864,655
Retirement		21,680	14,578	36,258	2,637	988	39,883
Audit services		-	-	-	26,500	-	26,500
Other purchased / professional / consulting services		382,308	228,526	610,834	157,575	13,229	781,638
Repairs and maintenance		9,720	3,517	13,237	-	-	13,237
Insurance		31,191	13,552	44,743	689	262	45,694
Supplies / materials		156,099	59,118	215,217	799	304	216,320
Equipment / furnishings		53,040	19,196	72,236	-	-	72,236
Staff development		26,405	17,880	44,285	2,534	965	47,784
Marketing / recruitment		54,411	20,968	75,379	388	148	75,915
Technology		63,759	33,349	97,108	3,128	1,191	101,427
Student services		39,124	14,159	53,283	-	-	53,283
Office expense		56,845	38,495	95,340	5,597	2,077	103,014
Depreciation / amortization		94,069	63,704	157,773	9,029	3,437	170,239
Loss on disposal of property and equipment		2,262	1,531	3,793	217	83	4,093
Other		-	-	-	20,603	-	20,603
Total Expenses		<u>\$ 3,557,313</u>	<u>\$ 2,268,497</u>	<u>\$ 5,825,810</u>	<u>\$ 536,364</u>	<u>\$ 145,759</u>	<u>\$ 6,507,933</u>

See notes to financial statements

## Launch Expeditionary Learning Charter School

### Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (317,295)	\$ 440,474
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	159,186	170,239
Loss on disposal of property and equipment	17,394	4,093
Changes in operating assets and liabilities		
Grants and contracts receivable	(512,706)	(106,242)
Prepaid expenses and other current assets	39,398	(63,379)
Accounts payable and accrued expenses	(51,372)	54,823
Accrued payroll and payroll taxes	36,849	(806)
Net Cash from Operating Activities	(628,546)	499,202
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property and equipment	(174,740)	(110,027)
Net Change in Cash and Restricted Cash	(803,286)	389,175
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	2,587,315	2,198,140
End of year	\$ 1,784,029	\$ 2,587,315

See notes to financial statements

# Launch Expeditionary Learning Charter School

Notes to Financial Statements  
June 30, 2022 and 2021

## 1. Organization and Tax Status

Launch Expeditionary Learning Charter School (the “School”) is a New York State, not-for-profit educational corporation that was incorporated to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on December 14, 2010 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York (the “Board of Regents”). The Board of Regents approved and issued several renewals to the School’s Charter expiring on June 30, 2027. The School was created to offer a world-class education to students and families living in Bedford-Stuyvesant, Crown Heights and the surrounding communities in Brooklyn, NY. Through its partnership with NYC Outward Bound Schools, the School is part of the Expeditionary Learning network of over 160 member schools nationwide. Its mission is to prepare students in under-resourced communities to thrive in college and careers by providing a public education rooted in active learning experiences and powerful character development. During the 2021-2022 academic year, the School provided education to approximately 263 students in the sixth through eighth grades.

The School has an agreement with the New York City Department of Education (“NYCDOE”) to share public school space at no annual cost. The School occupies approximately 14,000 square feet on one floor of a public school building. The School also shares the gymnasium, auditorium and cafeteria with the public school which approximates 6,751 square feet. The School is not responsible for rent, utilities, custodial services, and school safety services other than those required for days and times the School operates outside of the traditional NYCDOE schedule. The School was unable to determine a value for the contributed space and related services and did not record any value for use of donated facilities or services.

The New York City Department of Education provides free lunches directly to some of the School’s students. Such costs are not included in these financial statements. The School covers the cost of lunches for children not entitled to the free lunches.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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. Accordingly actual results could differ from those estimates.

## Launch Expeditionary Learning Charter School

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Net Asset Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Net assets without donor restrictions* - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

*Net assets with donor restrictions* - represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, 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.

#### ***Restricted Cash***

Under the provisions of its Charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows as of June 30:

	2022	2021
Cash	\$ 1,683,797	\$ 2,511,787
Restricted cash	100,232	75,528
	<u>\$ 1,784,029</u>	<u>\$ 2,587,315</u>

#### ***Property and Equipment***

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$2,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

## Launch Expeditionary Learning Charter School

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Property and Equipment (continued)***

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers	4 years
Equipment	5 years
Furniture and fixtures	5 years
Software	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. No impairment losses were recognized for the years ended June 30, 2022 and 2021.

#### ***Refundable Advances***

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

#### ***Revenue and Support***

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

#### ***Marketing and Recruitment***

Marketing and recruitment costs are expensed as incurred for staff and student recruitment. Marketing and recruitment expense for the years ended June 30, 2022 and 2021 was \$138,638 and \$75,915.

#### ***Functional Expense Allocation***

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

## Launch Expeditionary Learning Charter School

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Accounting for Uncertainty in Income Taxes***

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2019.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 23, 2022.

### 3. Grants and Contracts Receivable

Grants and contracts receivable primarily consist of federal, state and city entitlements and grants. The School expects to collect these receivables in full within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

### 4. Conditional Promise to Give

On May 7, 2021, the School received one conditional grant in the amount of \$1,000,000, which contains donor conditions related to a milestone. Since this grant represents a conditional promise to give, it will not be recorded as grant revenue until donor conditions are met. As of June 30, 2022, revenue of \$500,000 was recognized under this grant and the remaining balance of this conditional promise to give was \$500,000.

### 5. Property and Equipment

Property and equipment, net consists of the following at June 30:

	2022	2021
Computers	\$ 329,651	\$ 247,570
Equipment	167,603	167,603
Furniture and fixtures	401,689	363,877
Software	7,785	7,785
Leasehold improvements	986,353	964,468
	<u>1,893,081</u>	<u>1,751,303</u>
Accumulated depreciation and amortization	<u>(1,620,069)</u>	<u>(1,476,451)</u>
	<u>\$ 273,012</u>	<u>\$ 274,852</u>

## Launch Expeditionary Learning Charter School

Notes to Financial Statements  
June 30, 2022 and 2021

### 5. Property and Equipment *(continued)*

Assets with a cost basis of \$32,962 and accumulated depreciation of \$15,568 were disposed of during the year ended June 30, 2022. Assets with a cost basis of \$73,626 and accumulated depreciation of \$69,533 were disposed of during the year ended June 30, 2021. Loss on disposal of property and equipment was \$17,394 and \$4,093 for the years ended June 30, 2022 and 2021.

### 6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	2022	2021
Cash	\$ 1,683,797	\$ 2,511,787
Grants and contracts receivable	796,170	283,464
	2,479,967	2,795,251
Less amounts unavailable for general expenditures:		
Net assets with donor restrictions	(111,227)	(284,279)
	\$ 2,368,740	\$ 2,510,972

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is invested in highly liquid instruments until it is required for operational use. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (see Note 9).

### 7. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 consist of grants restricted for the Floyd Bennett Field Capital Campaign.

Net assets with donor restrictions were released as follows for the years ended June 30:

	2022	2021
Floyd Bennett Field Capital Campaign	\$ 339,893	\$ 301,721
Pod Leader Program	-	50,000
	\$ 339,893	\$ 351,721

## **Launch Expeditionary Learning Charter School**

Notes to Financial Statements  
June 30, 2022 and 2021

### **8. Concentration of Credit Risk**

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2022 and 2021, approximately \$1,534,000 and \$2,333,000 of cash was maintained with an institution in excess of FDIC limits.

### **9. Concentration of Revenue and Support**

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2022 and 2021, the School received approximately 82% and 85% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School’s finances could be materially adversely affected.

### **10. Employment Contract**

The School entered into a co-employment arrangement with TriNet Group, Inc. (“TriNet”), a professional employment organization, effective May 1, 2013. Under the co-employment arrangement, TriNet assumes certain employment responsibilities, including the payment and reporting employees’ wages and payroll taxes.

### **11. Employee Benefit Plan**

For the benefit of its employees, the School participates in a multiple employer defined contribution 401(k) plan, through its professional employment organization partner, TriNet (see Note 10). Under the 401(k) plan, all employees of the School can elect to make semi-monthly contributions to a personal retirement account. The School will make matching contributions to any employee contributions, dollar for dollar, up to \$1,500 per employee per calendar year. For the years ended June 30, 2022 and 2021, all employees were eligible to participate in the 401(k) plan and all employees were eligible for the employer match. Employer match for the years ended June 30, 2022 and 2021 was \$50,300 and \$39,883.

### **12. Contingency**

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.



## Launch Expeditionary Learning Charter School

Notes to Financial Statements  
June 30, 2022 and 2021

### 13. Risks and Uncertainties

The School's operations and financial performance may be affected by the COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the School may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in state and local per pupil operating revenue, shortfalls and variations in enrollment, and operational and other changes that could increase expenses. The outbreak may adversely affect the School's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes the School is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

\* \* \* \* \*

# **Launch Expeditionary Learning Charter School**

Uniform Guidance  
Schedules and Reports

June 30, 2022

**Launch Expeditionary Learning Charter School**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Pass-Through New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021224004	\$ -	\$ 141,405
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147224004	-	15,812
Student Support and Academic Enrichment Program	84.424	0204224004	-	10,000
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund II	84.425D	5891214004	-	203,762
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880214004	-	488,880
 Total U.S. Department of Education			<u>-</u>	<u>859,859</u>
 Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 859,859</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

## **Launch Expeditionary Learning Charter School**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Launch Expeditionary Learning Charter School (the "School"), 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 the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

### **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.

### **3. Indirect Cost Rate**

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

**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**

**Board of Trustees  
Launch Expeditionary Learning 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 Launch Expeditionary Learning Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2022.

**Report on Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
September 23, 2022

**Report on Compliance for Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Trustees  
Launch Expeditionary Learning Charter School**

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

***Opinion on Each Major Federal Program***

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

In our opinion, the School complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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



## **Report on Internal Control Over Compliance**

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

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

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

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

*PKF O'Connor Davies, LLP*

Harrison, New York  
September 23, 2022

**Launch Expeditionary Learning Charter School**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

**Section I - Summary of Auditors' Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. 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 the financial statements noted?

\_\_\_\_\_ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ yes X no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes X none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes X no

Identification of major federal programs:

Federal Assistance Listing Number(s)

Name of Federal Program or Cluster

84.425D

Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund II

84.425U

Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes X no

**Section II – Financial Statement Findings**

During our audit, we noted no material findings for the year ended June 30, 2022.

**Section III – Federal Award Findings and Questioned Costs**

During our audit, we noted no material instance of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.

**Section IV – Prior Year Findings**

There were no findings in the prior year.