

# **Zeta Charter Schools - New York City**

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

June 30, 2020 and 2019

**Zeta Charter Schools - New York City**  
Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Report

June 30, 2020 and 2019

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## **Independent Auditors' Report**

**Board of Trustees**  
**Zeta Charter Schools - New York City**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Zeta Charter Schools - New York City (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2020 and 2019, and the change in its net assets and its cash flows for the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of activities and functional expenses by the School for the year ended June 30, 2020 on pages 16 through 20 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 21 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 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  
October 15, 2020

## Zeta Charter Schools - New York City

### Statements of Financial Position

	June 30,	
	2020	2019
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,050,513	\$ 1,035,745
Grants and contracts receivable	1,120,913	858,043
Prepaid expenses	83,332	95,507
Total Current Assets	2,254,758	1,989,295
Property and equipment, net	541,859	373,204
Restricted cash	200,121	100,061
	\$ 2,996,738	\$ 2,462,560
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 289,660	\$ 131,863
Accrued payroll and payroll taxes	250,338	186,293
Refundable advances	41,226	20,420
Deferred rent, current portion	699,128	189,599
Due to related party	676,469	2,127,837
Total Current Liabilities	1,956,821	2,656,012
Deferred rent	58,259	378,190
Paycheck Protection Program loan payable	784,470	-
Total Liabilities	2,799,550	3,034,202
Net assets (deficit), without donor restrictions	197,188	(571,642)
	\$ 2,996,738	\$ 2,462,560

## Zeta Charter Schools - New York City

### Statements of Activities

	Year Ended June 30, 2020	Period from January 2, 2018 (inception) to June 30, 2019
	<u>                    </u>	<u>                    </u>
<b>OPERATING REVENUE</b>		
State and Local Per Pupil Operating Revenue		
General education	\$ 7,564,311	\$ 5,021,965
Special education	1,048,835	714,943
Facilities	2,265,832	1,457,877
Federal grants	1,310,851	1,720,132
Federal IDEA and E-rate	112,750	142,778
State and city grants	<u>138,824</u>	<u>494,636</u>
Total Operating Revenue	<u>12,441,403</u>	<u>9,552,331</u>
<b>EXPENSES</b>		
Program Services		
Regular education	8,484,313	7,448,885
Special education	<u>2,135,030</u>	<u>1,900,961</u>
Total Program Services	10,619,343	9,349,846
Supporting Services		
Management and general	1,349,319	1,084,088
Fundraising	<u>67,986</u>	<u>44,010</u>
Total Expenses	<u>12,036,648</u>	<u>10,477,944</u>
Surplus (Deficit) from Operations	<u>404,755</u>	<u>(925,613)</u>
<b>SUPPORT AND OTHER REVENUE</b>		
Contributions	10,000	10,000
Grants from Network	313,528	331,205
Donated services	30,374	11,990
Other income	<u>10,173</u>	<u>776</u>
Total Support and Other Revenue	<u>364,075</u>	<u>353,971</u>
Change in Net Assets	768,830	(571,642)
<b>NET ASSETS (DEFICIT)</b>		
Beginning of period	<u>(571,642)</u>	<u>-</u>
End of period	<u>\$ 197,188</u>	<u>\$ (571,642)</u>

See notes to financial statements

**Zeta Charter Schools - New York City**

Statement of Functional Expenses  
Year Ended June 30, 2020

	No. of Positions	Program Services			Supporting Services		Total
		General Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	18	\$ 595,333	\$ 132,557	\$ 727,890	\$ 247,260	\$ -	\$ 975,150
Instructional personnel	52	2,336,471	644,428	2,980,899	10,669	-	2,991,568
Total Salaries and Staff	<u>70</u>	2,931,804	776,985	3,708,789	257,929	-	3,966,718
Fringe benefits and payroll taxes		636,491	169,151	805,642	56,117	-	861,759
Retirement		84,915	22,639	107,554	7,524	-	115,078
Management company fees		1,106,139	236,592	1,342,731	288,942	67,986	1,699,659
Legal services		22,559	5,974	28,533	1,841	-	30,374
Accounting/audit services		-	-	-	484,677	-	484,677
Other purchased/professional/consulting services		87,170	18,608	105,778	28,000	-	133,778
Building and land rent/lease		1,892,473	497,939	2,390,412	152,795	-	2,543,207
Supplies/materials		346,063	80,274	426,337	-	-	426,337
Equipment/furnishings		43,152	11,362	54,514	5,120	-	59,634
Staff development		125,982	33,580	159,562	10,356	-	169,918
Marketing/recruitment		437,309	95,080	532,389	10,833	-	543,222
Technology		174,574	42,747	217,321	14,746	-	232,067
Food service		215,424	47,246	262,670	-	-	262,670
Student services		62,469	13,559	76,028	-	-	76,028
Office expense		145,457	38,298	183,755	16,632	-	200,387
Depreciation and amortization		141,798	36,980	178,778	11,281	-	190,059
Other		30,534	8,016	38,550	2,526	-	41,076
 Total Expenses		<u>\$ 8,484,313</u>	<u>\$ 2,135,030</u>	<u>\$ 10,619,343</u>	<u>\$ 1,349,319</u>	<u>\$ 67,986</u>	<u>\$ 12,036,648</u>

**Zeta Charter Schools - New York City**

Statement of Functional Expenses  
Period from January 2, 2018 (inception) to June 30, 2019

	No. of Positions	Program Services			Supporting Services		Total
		General Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	10	\$ 803,860	\$ 169,854	\$ 973,714	\$ 324,571	\$ -	\$ 1,298,285
Instructional personnel	33	1,651,039	490,329	2,141,368	1,026	-	2,142,394
Total Salaries and Staff	<u>43</u>	<u>2,454,899</u>	<u>660,183</u>	<u>3,115,082</u>	<u>325,597</u>	<u>-</u>	<u>3,440,679</u>
Fringe benefits and payroll taxes		534,482	143,448	677,930	71,773	-	749,703
Retirement		34,589	9,518	44,107	3,568	-	47,675
Management company fees		680,036	142,679	822,715	181,208	44,010	1,047,933
Legal services		2,501	684	3,185	341	-	3,526
Accounting/audit services		-	-	-	229,204	-	229,204
Other purchased/professional/consulting services		18,175	11,318	29,493	14,312	-	43,805
Building and land rent/lease		1,717,780	471,212	2,188,992	181,963	-	2,370,955
Supplies/materials		518,535	118,005	636,540	-	-	636,540
Equipment/furnishings		2,506	695	3,201	294	-	3,495
Staff development		93,650	21,752	115,402	4,023	-	119,425
Marketing/recruitment		691,587	147,396	838,983	19,389	-	858,372
Technology		138,834	35,343	174,177	16,873	-	191,050
Food service		213,477	44,781	258,258	-	-	258,258
Student services		46,269	11,262	57,531	2,686	-	60,217
Office expense		167,261	46,101	213,362	17,493	-	230,855
Depreciation		124,765	34,161	158,926	12,990	-	171,916
Other		9,539	2,423	11,962	2,374	-	14,336
 Total Expenses		<u>\$ 7,448,885</u>	<u>\$ 1,900,961</u>	<u>\$ 9,349,846</u>	<u>\$ 1,084,088</u>	<u>\$ 44,010</u>	<u>\$ 10,477,944</u>



## Zeta Charter Schools - New York City

### Statements of Cash Flows

	Year Ended June 30, 2020	Period from January 2, 2018 (inception) to June 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 768,830	\$ (571,642)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	190,059	171,916
Deferred rent	189,598	567,789
Changes in operating assets and liabilities		
Grants and contracts receivable	(262,870)	(858,043)
Prepaid expenses	12,175	(95,507)
Accounts payable and accrued expenses	157,797	131,863
Accrued payroll and payroll taxes	64,045	186,293
Refundable advances	20,806	20,420
Due to related party	(1,451,368)	2,127,837
Net Cash from Operating Activities	(310,928)	1,680,926
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchases of property and equipment	(358,714)	(545,120)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from Paycheck Protection Program loan payable	784,470	-
Net Change in Cash and Restricted Cash	114,828	1,135,806
<b>CASH AND RESTRICTED CASH</b>		
Beginning of period	1,135,806	-
End of period	\$ 1,250,634	\$ 1,135,806
The following table provides a reconciliation of cash and restricted cash within the statements of financial position:		
Cash	\$ 1,050,513	\$ 1,035,745
Restricted Cash	200,121	100,061
	\$ 1,250,634	\$ 1,135,806

See notes to financial statements

## Zeta Charter Schools - New York City

Notes to Financial Statements  
June 30, 2020 and 2019

### 1. Organization and Tax Status

Zeta Charter Schools – New York City (the "School") is a New York State, not-for-profit educational corporation that was incorporated on January 2, 2018 to operate charter schools pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on January 2, 2018 to operate Zeta Charter Schools – Inwood 1 ("Inwood 1") and Zeta Charter Schools – Bronx 1 ("Bronx 1"), 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 charter will expire on July 21, 2023. The School's mission is to build and sustain high-performing schools that forge thriving communities of lifelong learners, problem solvers, and innovators. Classes for Bronx 1 and Inwood 1 commenced in the fall of 2018. The School provided education to approximately 468 students in kindergarten through second grades during the 2019-2020 academic year.

On June 6, 2019, the Board of Regents approved an amendment of the original charter to operate Zeta Charter School – New York City 3 ("Bronx 3") and Zeta Charter School – New York City 4 ("Bronx 2"). The School was granted a provisional charter on June 6, 2019 for Bronx 3 and Bronx 2, valid for a term of five years and renewable upon expiration by the Board of Regents. The charter will expire in June 2024. Bronx 3 and Bronx 2 opened in the fall of 2020.

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.

#### ***Adoption of New Accounting Policies***

##### *Recognition of Contributions*

Effective July 1, 2019, the School adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance provides a framework for evaluating whether contributions and grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the School recognizes contributions and grants, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

## Zeta Charter Schools - New York City

Notes to Financial Statements  
June 30, 2020 and 2019

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

#### ***Adoption of New Accounting Policies (continued)***

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

In November 2016, the Financial Accounting Standards Board issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires significant changes regarding how restricted cash is classified and presented on the statement of cash flows. On July 1, 2019, the School adopted the new guidance regarding the presentation and classification of restricted cash. The guidance requires the School to 1) include restricted cash and restricted cash equivalents in the cash and cash equivalent balances on the statement of cash flows, 2) provide a reconciliation between the statement of financial position and the statement of cash flows when more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents is presented on the statement of financial position, 3) eliminate the presentation of transfers between restricted cash and cash, and 4) include disclosures about the nature of the restrictions for material balances. Adoption of the ASU resulted in a change in the accounting for restricted cash on the statement of cash flows.

##### ***Net Assets 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. The School had no net assets with donor restrictions at June 30, 2020 and 2019.

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

Under the provisions of its charter, the School established a reserve fund to cover debts in the event of the School's dissolution.

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

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$5,000 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.

## Zeta Charter Schools - New York City

Notes to Financial Statements  
June 30, 2020 and 2019

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

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

All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

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

Computers and equipment	3 years
Furniture and fixtures	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. There were no asset impairments for the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019.

#### ***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.

#### ***Deferred Rent***

The School records its rent in accordance with U.S. GAAP whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in deferred rent in the accompanying statements of financial position.

#### ***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 support with donor restrictions if they are received with donor stipulations. Donor restricted contributions and grants that are made to support the School's current period activities are recorded as revenue without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

## Zeta Charter Schools - New York City

Notes to Financial Statements  
June 30, 2020 and 2019

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

#### ***Donated Services***

The School recognizes contributions of services if they create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the School, and are measurable.

One entity provided legal services to the School at no charge during the year ended June 30, 2020 and two entities provided legal services to the school at no charge for the period from January 2018 (inception) to June 30, 2019. The value of these services meets the criteria for recognition in the financial statements and was recorded at a fair value of \$30,374 and \$6,550 for the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019. The value of these services is allocated to management and general services in the accompanying statements of activities and functional expenses. In addition, one entity provided tutoring services to the School at no charge for the period from January 2, 2018 (inception) to June 30, 2019. The value of these services meets the criteria for recognition in the financial statements and was recorded at a fair value of \$0 and \$5,440 for the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019. The value of these services is allocated to program services in the accompanying statements of activities and functional expenses. Total donated services for the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019 was \$30,374 and \$11,990.

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

Marketing and recruitment costs are expensed as incurred. Marketing and recruitment expense for the years ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019 was \$543,222 and \$858,372.

#### ***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.

#### ***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. All returns filed by the School are subject to examinations by the applicable taxing authorities.

## Zeta Charter Schools - New York City

Notes to Financial Statements  
June 30, 2020 and 2019

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

#### ***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 October 15, 2020.

Effective July 1, 2020, the School entered into an agreement with the New York City Department of Education to share public space at no cost, located at 500 West 138<sup>th</sup> Street, New York, New York to be used as a satellite facility for the Inwood 1 location.

On September 18, 2020, the School entered into an \$800,000 loan agreement with BlueHub Loan Fund, Inc. to fund tenant improvements and fit-out for the co-located space located at 500 West 138<sup>th</sup> Street, New York, New York. The Network is a guarantor of this loan. The loan bears interest of 6.35% per annum and matures on June 30, 2023. Principal payments will commence on February 1, 2021 and continue on a monthly basis through the maturity date. Under the terms of this loan, a portion of loan proceeds shall be withheld to fund a debt service reserve in the amount of \$72,500.

### 3. Grants and Contracts Receivable

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

### 4. Related Party Transactions (not disclosed elsewhere)

The School is affiliated with Zeta Charter Schools, Inc. (the "Network"), a Delaware non-stock corporation, by common management.

The School entered into an Academic and Business Service Agreement (the "Agreement") with the Network on June 22, 2018, to provide the School with educational management and operational services. The Agreement automatically renews for four consecutive one year periods after the initial one-year term ended June 30, 2019. Pursuant to the Agreement, the Network is to select and implement educational programs, coaching and professional development to leadership, manage the School's business administration and support the Board of Trustees in all governance issues. As compensation to the Network for these services, starting July 1, 2018 the School paid an amount equal to 15% of certain revenue specified in the Agreement. For the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019, the School incurred \$1,699,659 and \$1,047,933 in management fees to the Network.

For operating efficiency and purchasing power, the School shares certain expenses with the Network. The School also reimburses the Network for personnel service costs, fringe benefits and payroll taxes. During the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019, the School incurred \$537,621 and \$1,894,952 of net operating expenses, excluding payroll and payroll related expenses, paid by the Network on behalf of the School. At June 30, 2020 and 2019, net balance due to the Network was \$676,469 and \$2,127,837.

## Zeta Charter Schools - New York City

Notes to Financial Statements  
June 30, 2020 and 2019

### 4. Related Party Transactions (not disclosed elsewhere) (continued)

As of June 30, 2020 and 2019, the Network granted \$313,528 and \$331,205 to the School.

On July 23, 2018, the School entered into two three-year subleases for school facilities with the Network (see Note 12). The School has the option to extend the leases for an additional two years in the event that the Network extends its lease for the same space. Lease payments commenced August 1, 2018 and will expire on July 30, 2021.

### 5. Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Furnitures and fixtures	\$ 204,297	\$ 137,166
Computers and equipment	587,120	407,954
Leasehold improvements	112,417	-
	903,834	545,120
Accumulated depreciation and amortization	(361,975)	(171,916)
	<u>\$ 541,859</u>	<u>\$ 373,204</u>

### 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:

	2020	2019
Cash	\$ 1,050,513	\$ 1,035,745
Grants and contracts receivable	1,120,913	858,043
	<u>\$ 2,171,426</u>	<u>\$ 1,893,788</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable are monitored regularly and any excess cash is invested in highly liquid instruments.

### 7. Employment Contract

The Network entered into a co-employment arrangement with TriNet Group, Inc. ("TriNet"), a professional employment organization, effective September 20, 2017. Under the co-employment arrangement, TriNet assumes certain employment responsibilities, including the payment and reporting of employees' wages and payroll taxes. The Network charges payroll and payroll-related expenses on a monthly basis to the School.

## Zeta Charter Schools - New York City

Notes to Financial Statements  
June 30, 2020 and 2019

### 8. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, it is at the school's discretion to determine the employee match each year. Employer match for year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019 was \$108,510 and \$44,057.

### 9. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents 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. At June 30, 2020 and 2019 approximately \$995,000 and \$871,000 of cash was maintained with an institution in excess of FDIC limits.

### 10. 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 year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019, the School received approximately 85% and 73% 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.

### 11. Paycheck Protection Program Loan Payable

On May 1, 2020, the School qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified PPP lender, for an aggregate principal amount of \$784,470 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the PPP upon the School's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the School. The School intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. The School believes that most, if not all, of the PPP Loan will meet the requirements for debt forgiveness. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan through the date principal is repaid in full or maturity date.

### 12. Commitments

On July 23, 2018, the School entered into two three-year subleases for school facilities with the Network (see Note 4). The School has the option to extend the leases for an additional two years in the event that the Network extends its lease for the same space. Lease payments commenced August 1, 2018 and will expire on July 30, 2021.



## Zeta Charter Schools - New York City

Notes to Financial Statements  
June 30, 2020 and 2019

### 12. Commitments (continued)

Future minimum payments are as follows for the years ending June 30:

2021	\$ 3,242,333
2022	<u>270,194</u>
	<u>\$ 3,512,527</u>

The School recognizes rent expense on a straight-line basis over the terms of the leases. Rent expense in excess of payments is recorded as deferred rent in the accompanying statements of financial position. Rent expense for the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019 was \$2,543,207 and \$2,370,955.

### 13. 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.

### 14. Risks and Uncertainties

The School's operations and financial performance may be affected by the recent 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.

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**Zeta Charter Schools - New York City**

Supplementary Information

June 30, 2020

**Zeta Charter Schools - New York City**

Schedule of Activities by School  
Year Ended June 30, 2020

	<u>Inwood 1</u>	<u>Bronx 1</u>	<u>Bronx 2</u>	<u>Bronx 3</u>	<u>Total</u>
<b>OPERATING REVENUE</b>					
State and Local Per Pupil Operating Revenue					
General education	\$ 3,817,473	\$ 3,746,838	\$ -	\$ -	\$ 7,564,311
Special education	559,752	489,083	-	-	1,048,835
Facilities	1,142,010	1,123,822	-	-	2,265,832
Federal grants	400,078	285,542	315,164	310,067	1,310,851
Federal IDEA and E-Rate	51,207	61,543	-	-	112,750
State and city grants	70,756	68,068	-	-	138,824
Total Operating Revenue	<u>6,041,276</u>	<u>5,774,896</u>	<u>315,164</u>	<u>310,067</u>	<u>12,441,403</u>
<b>EXPENSES</b>					
Program Services					
Regular education	3,999,683	4,094,682	196,883	193,065	8,484,313
Special education	<u>1,121,326</u>	<u>940,283</u>	<u>37,072</u>	<u>36,349</u>	<u>2,135,030</u>
Total Program Services	5,121,009	5,034,965	233,955	229,414	10,619,343
Supporting Services					
Management and general	632,794	553,079	82,418	81,028	1,349,319
Fundraising	<u>28,501</u>	<u>27,135</u>	<u>6,175</u>	<u>6,175</u>	<u>67,986</u>
Total Expenses	<u>5,782,304</u>	<u>5,615,179</u>	<u>322,548</u>	<u>316,617</u>	<u>12,036,648</u>
Surplus (Deficit) from Operations	<u>258,972</u>	<u>159,717</u>	<u>(7,384)</u>	<u>(6,550)</u>	<u>404,755</u>
<b>SUPPORT AND OTHER REVENUE</b>					
Contributions	5,000	5,000	-	-	10,000
Grants from Network	147,284	166,244	-	-	313,528
Donated services	15,187	15,187	-	-	30,374
Other income	5,069	5,104	-	-	10,173
Total Support and Other Revenue	<u>172,540</u>	<u>191,535</u>	<u>-</u>	<u>-</u>	<u>364,075</u>
Change in Net Assets	431,512	351,252	(7,384)	(6,550)	768,830
<b>NET ASSETS (DEFICIT)</b>					
Beginning of period	<u>(389,342)</u>	<u>(182,300)</u>	<u>-</u>	<u>-</u>	<u>(571,642)</u>
End of period	<u>\$ 42,170</u>	<u>\$ 168,952</u>	<u>\$ (7,384)</u>	<u>\$ (6,550)</u>	<u>\$ 197,188</u>

See independent auditors' report

**Zeta Charter Schools - New York City**

Schedule of Functional Expenses - Inwood 1  
Year Ended June 30, 2020

	No. of Positions	Program Services			Supporting Services		
		General Education	Special Education	Total	Management and General	Fundraising	Total
Personnel Services Costs							
Administrative staff personnel	8	\$ 321,897	\$ 80,474	\$ 402,371	\$ 134,124	\$ -	\$ 536,495
Instructional personnel	26	1,150,779	348,571	1,499,350	6,103	-	1,505,453
Total Salaries and Staff	<u>34</u>	<u>1,472,676</u>	<u>429,045</u>	<u>1,901,721</u>	<u>140,227</u>	<u>-</u>	<u>2,041,948</u>
Fringe benefits and payroll taxes		328,579	95,727	424,306	31,287	-	455,593
Retirement		45,245	13,181	58,426	4,308	-	62,734
Management company fees		452,931	109,974	562,905	121,131	28,501	712,537
Legal services		10,953	3,191	14,144	1,043	-	15,187
Accounting/audit services		-	-	-	213,525	-	213,525
Other purchased/professional/consulting services		34,677	8,420	43,097	10,000	-	53,097
Building and land rent/lease		856,778	249,611	1,106,389	81,582	-	1,187,971
Supplies/materials		176,928	46,302	223,230	-	-	223,230
Equipment/furnishings		22,994	6,699	29,693	2,190	-	31,883
Staff development		66,050	19,238	85,288	6,280	-	91,568
Marketing/recruitment		172,103	42,884	214,987	2,153	-	217,140
Technology		78,985	21,720	100,705	4,987	-	105,692
Food service		105,709	25,667	131,376	-	-	131,376
Student services		27,586	6,698	34,284	-	-	34,284
Office expense		76,189	22,197	98,386	7,255	-	105,641
Depreciation and amortization		57,816	16,844	74,660	5,508	-	80,168
Other		13,484	3,928	17,412	1,318	-	18,730
<b>Total Expenses</b>		<u><b>\$ 3,999,683</b></u>	<u><b>\$ 1,121,326</b></u>	<u><b>\$ 5,121,009</b></u>	<u><b>\$ 632,794</b></u>	<u><b>\$ 28,501</b></u>	<u><b>\$ 5,782,304</b></u>

See independent auditors' report

**Zeta Charter Schools - New York City**

Schedule of Functional Expenses - Bronx 1  
Year Ended June 30, 2020

	No. of Positions	Program Services			Supporting Services		
		General Education	Special Education	Total	Management and General	Fundraising	Total
Personnel Services Costs							
Administrative staff personnel	6	\$ 234,586	\$ 44,683	\$ 279,269	\$ 93,090	\$ -	\$ 372,359
Instructional personnel	26	1,185,692	295,857	1,481,549	4,566	-	1,486,115
Total Salaries and Staff	<u>32</u>	<u>1,420,278</u>	<u>340,540</u>	<u>1,760,818</u>	97,656	-	1,858,474
Fringe benefits and payroll taxes		299,740	71,868	371,608	20,610	-	392,218
Retirement		38,578	9,250	47,828	2,653	-	50,481
Management company fees		447,834	88,080	535,914	115,323	27,135	678,372
Legal services		11,606	2,783	14,389	798	-	15,187
Accounting/audit services		-	-	-	213,525	-	213,525
Other purchased/professional/consulting services		37,287	7,334	44,621	10,000	-	54,621
Building and land rent/lease		1,035,695	248,328	1,284,023	71,213	-	1,355,236
Supplies/materials		169,135	33,972	203,107	-	-	203,107
Equipment/furnishings		16,712	4,007	20,719	1,149	-	21,868
Staff development		59,932	14,342	74,274	4,076	-	78,350
Marketing/recruitment		171,782	34,625	206,407	1,338	-	207,745
Technology		81,508	18,352	99,860	3,704	-	103,564
Food service		109,715	21,579	131,294	-	-	131,294
Student services		34,883	6,861	41,744	-	-	41,744
Office expense		58,965	14,138	73,103	4,053	-	77,156
Depreciation and amortization		83,982	20,136	104,118	5,773	-	109,891
Other		17,050	4,088	21,138	1,208	-	22,346
 Total Expenses		<u>\$ 4,094,682</u>	<u>\$ 940,283</u>	<u>\$ 5,034,965</u>	<u>\$ 553,079</u>	<u>\$ 27,135</u>	<u>\$ 5,615,179</u>

**Zeta Charter Schools - New York City**

Schedule of Functional Expenses - Bronx 2  
Year Ended June 30, 2020

	No. of Positions	Program Services			Supporting Services		Total
		General Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	2	\$ 21,000	\$ 4,000	\$ 25,000	\$ 10,648	\$ -	\$ 35,648
Fringe benefits and payroll taxes		4,211	802	5,013	2,135	-	7,148
Retirement		596	113	709	302	-	1,011
Management company fees		102,687	19,269	121,956	26,244	6,175	154,375
Accounting/audit services		-	-	-	29,230	-	29,230
Other purchased/professional/consulting services		7,603	1,427	9,030	4,000	-	13,030
Equipment/furnishings		1,733	330	2,063	879	-	2,942
Marketing/recruitment		46,892	8,818	55,710	3,414	-	59,124
Technology		7,074	1,344	8,418	2,988	-	11,406
Office expense		5,087	969	6,056	2,578	-	8,634
<b>Total Expenses</b>		<b><u>\$ 196,883</u></b>	<b><u>\$ 37,072</u></b>	<b><u>\$ 233,955</u></b>	<b><u>\$ 82,418</u></b>	<b><u>\$ 6,175</u></b>	<b><u>\$ 322,548</u></b>

**Zeta Charter Schools - New York City**

Schedule of Functional Expenses - Bronx 3  
Year Ended June 30, 2020

	No. of Positions	Program Services			Supporting Services		Total
		General Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	2	\$ 17,850	\$ 3,400	\$ 21,250	\$ 9,398	\$ -	\$ 30,648
Fringe benefits and payroll taxes		3,961	754	4,715	2,085	-	6,800
Retirement		496	95	591	261	-	852
Management company fees		102,687	19,269	121,956	26,244	6,175	154,375
Accounting/audit services		-	-	-	28,397	-	28,397
Other purchased/professional/consulting services		7,603	1,427	9,030	4,000	-	13,030
Equipment/furnishings		1,713	326	2,039	902	-	2,941
Marketing/recruitment		46,532	8,753	55,285	3,928	-	59,213
Technology		7,007	1,331	8,338	3,067	-	11,405
Office expense		<u>5,216</u>	<u>994</u>	<u>6,210</u>	<u>2,746</u>	<u>-</u>	<u>8,956</u>
 Total Expenses		 <u>\$ 193,065</u>	 <u>\$ 36,349</u>	 <u>\$ 229,414</u>	 <u>\$ 81,028</u>	 <u>\$ 6,175</u>	 <u>\$ 316,617</u>

**Zeta Charter Schools - New York City**

Uniform Guidance Schedules and Reports

June 30, 2020



**Zeta Charter Schools - New York City**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA 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	0021205480	\$ -	\$ 82,232
Title I Grants to Local Educational Agencies	84.010	0021205485	-	121,123
			-	203,355
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	0147205480	-	13,300
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	0147205485	-	17,727
			-	31,027
Student Support and Academic Enrichment Program	84.424	0204205480	-	10,000
Student Support and Academic Enrichment Program	84.424	0204205485	-	10,000
			-	20,000
Charter Schools	84.282	0089180155	-	212,869
Charter Schools	84.282	0089190156	-	59,107
Charter Schools	84.282	0089201037	-	315,164
Charter Schools	84.282	0089201038	-	310,067
			-	897,207
Total U.S. Department of Education			-	1,151,589
<u>U.S. Department of Agriculture</u>				
Pass-through the New York State Education Department				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	-	31,436
National School Lunch Program	10.555	N/A	-	127,826
Total Child Nutrition Cluster			-	159,262
Total U.S. Department of Agriculture			-	159,262
Total Expenditures of Federal Awards			\$ -	\$ 1,310,851

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

## **Zeta Charter Schools - New York City**

Notes to Schedule of Expenditures of Federal Awards  
June 30, 2020

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

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Zeta Charter Schools - New York City (the "School") under programs of the federal government as of June 30, 2020. 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. Pass-through entity identifying numbers are presented where available.

### **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  
Zeta Charter Schools - New York City**

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 Zeta Charter Schools - New York City (the "School"), which comprise the statement of financial position as of June 30, 2020, 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 15, 2020.

**Internal Control Over Financial Reporting**

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

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

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

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 15, 2020



## **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 Zeta Charter Schools - New York City**

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

We have audited Zeta Charter Schools - New York City's (the "School") compliance with the types of compliance requirements described 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, 2020. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

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

In our opinion, Zeta Charter Schools - New York City 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 as of June 30, 2020.

***Report on Internal Control over Compliance***

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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  
October 15, 2020

**Zeta Charter Schools - New York City**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  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  no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Clusters</u>
84.282	Charter Schools

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2020.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instances 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 Period's Findings

There were no prior period audit findings.