

BRONX CHARTER SCHOOL FOR BETTER LEARNING

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021

(With Comparative Totals for 2020)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bronx Charter School for Better Learning

Report on the Financial Statements

We have audited the accompanying financial statements of Bronx Charter School for Better Learning, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditor's 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 Bronx Charter School for Better Learning as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Bronx Charter School for Better Learning's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of Bronx Charter School for Better Learning'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 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 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 Bronx Charter School for Better Learning's internal control over other financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 28, 2021

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(With Comparative Totals for 2020)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 7,338,163	\$ 3,955,102
Certificates of deposit	1,421,812	1,406,346
Accounts receivable	245,603	407,426
Grants and contracts receivables	933,048	478,691
Prepaid expenses and other current assets	<u>35,440</u>	<u>22,087</u>
TOTAL CURRENT ASSETS	9,974,066	6,269,652
<u>PROPERTY AND EQUIPMENT</u> , net	416,476	364,470
<u>OTHER ASSET</u> - escrow account	<u>157,381</u>	<u>156,754</u>
TOTAL ASSETS	<u>\$ 10,547,923</u>	<u>\$ 6,790,876</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 96,686	\$ 57,605
Accrued payroll and benefits	1,529,510	1,526,535
Deferred revenue	<u>11,593</u>	<u>14,183</u>
TOTAL CURRENT LIABILITIES	1,637,789	1,598,323
 <u>NET ASSETS</u>		
Without donor restrictions	8,878,640	5,160,808
With donor restrictions	<u>31,494</u>	<u>31,745</u>
TOTAL NET ASSETS	<u>8,910,134</u>	<u>5,192,553</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,547,923</u>	<u>\$ 6,790,876</u>

The accompanying notes are an integral part of the financial statements.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2021
 (With Comparative Totals for 2020)

	Year ended June 30,			2020
	2021		Total	
	Without donor restrictions	With donor restrictions		
Revenue, gains, and other support:				
Public school district				
Resident student enrollment	\$ 16,300,115	\$ -	\$ 16,300,115	\$ 15,237,042
Students with disabilities	1,392,795	-	1,392,795	1,310,568
Grants and contracts				
State and local	196,515	-	196,515	187,991
Federal - Title and IDEA	694,797	-	694,797	617,239
Federal - other	556,288	-	556,288	46,054
TOTAL REVENUE, GAINS AND OTHER SUPPORT	19,140,510	-	19,140,510	17,398,894
Expenses:				
Program services:				
Regular education	11,582,621	-	11,582,621	12,037,228
Special education	2,756,651	-	2,756,651	2,790,825
Total program services	14,339,272	-	14,339,272	14,828,053
Management and general	1,100,876	-	1,100,876	900,260
Fundraising and special events	118,975	-	118,975	161,903
TOTAL OPERATING EXPENSES	15,559,123	-	15,559,123	15,890,216
SURPLUS FROM SCHOOL OPERATIONS	3,581,387	-	3,581,387	1,508,678
Support and other revenue:				
Contributions				
Foundations	70,400	-	70,400	72,118
Individuals	29,579	-	29,579	101,026
Fundraising	17,129	-	17,129	1,000
Interest income	18,875	-	18,875	21,353
Net assets released from restriction	251	(251)	-	-
Miscellaneous income	211	-	211	261
TOTAL SUPPORT AND OTHER REVENUE	136,445	(251)	136,194	195,758
CHANGE IN NET ASSETS	3,717,832	(251)	3,717,581	1,704,436
Net assets at beginning of year	5,160,808	31,745	5,192,553	3,488,117
NET ASSETS AT END OF YEAR	\$ 8,878,640	\$ 31,494	\$ 8,910,134	\$ 5,192,553

The accompanying notes are an integral part of the financial statements.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021
 (With Comparative Totals for 2020)

	Year ended June 30,								2020
	2021								
	No. of Positions	Program Services		Sub-total	Supporting Services		Sub-total	Total	
Regular Education		Special Education	Management and general		Fundraising and special events				
Personnel services costs:									
Administrative staff personnel	9	\$ 50,932	\$ 25,466	\$ 76,398	\$ 422,736	\$ 66,335	\$ 489,071	\$ 565,469	\$ 537,305
Instructional personnel	142	6,896,928	1,758,349	8,655,277	-	-	-	8,655,277	9,036,298
Non-instructional personnel	17	1,237,373	183,709	1,421,082	210,306	17,124	227,430	1,648,512	1,499,207
Total personnel services costs	168	8,185,233	1,967,524	10,152,757	633,042	83,459	716,501	10,869,258	11,072,810
Fringe benefits and payroll taxes		2,205,772	530,463	2,736,235	169,378	22,373	191,751	2,927,986	2,794,902
Retirement		197,193	47,596	244,789	14,302	1,918	16,220	261,009	267,780
Legal service		-	-	-	46,034	-	46,034	46,034	7,748
Accounting / audit services		-	-	-	50,123	-	50,123	50,123	35,500
Other purchased / professional / consulting services		137,572	25,859	163,431	90,644	727	91,371	254,802	380,069
Repairs and maintenance		126,002	30,398	156,400	9,207	1,232	10,439	166,839	172,202
Insurance		84,760	20,465	105,225	6,113	821	6,934	112,159	92,965
Utilities		110,301	26,587	136,888	8,171	1,090	9,261	146,149	88,704
Supplies and materials		101,458	16,965	118,423	3,073	404	3,477	121,900	158,705
Non-capitalized equipment/furnishings		2,546	619	3,165	163	23	186	3,351	8,568
Staff development		13,628	3,299	16,927	945	128	1,073	18,000	62,382
Marketing and recruitment		10,102	1,424	11,526	50,993	22	51,015	62,541	62,477
Technology		80,116	14,870	94,986	3,920	545	4,465	99,451	57,077
Food service		1,964	473	2,437	146	19	165	2,602	20,188
Student services		68,841	8,118	76,959	-	-	-	76,959	190,667
Office expense		74,889	18,125	93,014	5,192	705	5,897	98,911	107,882
Depreciation		172,532	41,521	214,053	13,104	1,736	14,840	228,893	256,854
Other		9,712	2,345	12,057	(3,674)	3,773	99	12,156	52,736
		<u>\$ 11,582,621</u>	<u>\$ 2,756,651</u>	<u>\$ 14,339,272</u>	<u>\$ 1,100,876</u>	<u>\$ 118,975</u>	<u>\$ 1,219,851</u>	<u>\$ 15,559,123</u>	<u>\$ 15,890,216</u>

The accompanying notes are an integral part of the financial statements.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

	<u>Year ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 3,717,581	\$ 1,704,436
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	228,893	256,854
Bad debt expense	-	4,193
Changes in certain assets and liabilities affecting operations:		
Accounts receivable	161,823	(223,527)
Grants and contracts receivables	(454,357)	(249,247)
Prepaid expenses and other current assets	(13,353)	38,507
Accounts payable and accrued expenses	39,081	(182,414)
Accrued payroll and benefits	2,975	195,874
Deferred revenue	(2,590)	(36,543)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	3,680,053	1,508,133
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(280,899)	(176,786)
Purchases of certificates of deposit	(15,466)	(318,389)
NET CASH USED FOR INVESTING ACTIVITIES	(296,365)	(495,175)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	3,383,688	1,012,958
Cash, cash equivalents, and restricted cash at beginning of year	4,111,856	3,098,898
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 7,495,544</u>	<u>\$ 4,111,856</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 7,338,163	\$ 3,955,102
Cash in escrow	157,381	156,754
	<u>\$ 7,495,544</u>	<u>\$ 4,111,856</u>

The accompanying notes are an integral part of the financial statements.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Bronx Charter School for Better Learning (“the Charter School”) is an educational corporation that operates as a charter school in the borough of Bronx, New York. The Charter School operates two schools, Bronx Charter School for Better Learning (“BBL I”) and Bronx Charter School for Better Learning II (“BBL II”). On March 25, 2003, the Board of Regents of the University of the State of New York granted BBL I a provisional charter valid for a term of five years and renewable upon expiration. On May 24, 2017, BBL I obtained a five year charter renewal with the ability to operate through July 31, 2023.

On July 22, 2014, the Board of Regents of the University of the State of New York amended the charter agreement permitting an additional school to be opened by the Charter School. During the 2015 fiscal year, the Charter School added BBL II under its expanded charter. BBL II has the authority to operate through July 30, 2025. The Charter School was established to provide its students in grades K-5 with a solid foundation for academic success, through achievement that exceeds citywide averages and meets or exceeds New York State Standards and national norms in all curriculum areas tested, especially in mathematics and language arts. The Charter School operates a Pre-K program which is not considered a chartered grade. There is a separate contract between the Charter School and the New York Department of Education regarding the operation of the Pre-K program.

The accompanying financial statements include the accounts of BBL I and BBL II (collectively referred to as the “Charter School”). All intercompany balances and transactions have been eliminated in the accompanying financial statements.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Charter School.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had net assets with donor restrictions of \$31,494 and \$31,745 at June 30, 2021 or 2020, respectively.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Revenue recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Charter School's public school district revenues qualify as exchange transactions and the revenues are earned over time.

Public School District Revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the Charter School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Universal Pre-Kindergarten (Pre-K)

Similar to public school district revenue, the Charter School recognizes Pre-K revenue as educational programming is provided to students throughout the year. The maximum revenue amount is based on a contractually determined fixed amount per student and the number of students enrolled at a point in time. This amount could be further reduced if actual costs incurred in providing the Pre-K program are less than the maximum calculated amount of the contract. Amounts are paid in installments throughout the course of the year, with the final 5% paid upon submission of all required documentation at the end of the contract year. Approximately \$197,000 and \$188,000 of funding was received during the years ending June 30, 2021 and 2020, respectively, and is included in the state and local grants line on the accompanying statement of activities and changes in net assets.

Fundraising

The Charter School conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event—the exchange component, and a portion represents a contribution to the Charter School. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Charter School. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Charter School, are recorded as fundraising expense in the statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Charter School. Special event fees collected by the Charter School in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

For special event fees received before year-end for an event to occur after year-end, the Charter School follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

The following tables summarizes contract balances at their respective statement of financial position dates:

	<u>June 30,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 245,603	\$ 407,426	\$ 188,092

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Approximately \$12,000 and \$14,000 was deferred at June 30, 2021 and 2020, respectively, mostly related to the Charter School's summer program.

Contributions and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no revenue deferred at June 30, 2021 and 2020, respectively. The Charter School typically fully expends their grants within the fiscal year with only minor amounts carrying forward to future periods.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Cash and cash equivalents

Cash and certain money market account balances are maintained at financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. The Charter School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In the normal course of business, the cash and cash equivalent account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Certificates of deposit

Certificates of deposit represent certificates of deposit with maturities of twelve months or less. These assets are carried at their original cost plus interest earned. In the normal course of business, the account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in certificates of deposit.

Accounts, grants and contracts receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2021 or 2020.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to five years.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Escrow account

The Charter School segregated certain certificates of deposit to fund an escrow account in accordance with the terms of their charter agreement. The amount in escrow as of June 30, 2021 and 2020 was \$157,381 and \$156,754, respectively. The escrow account is restricted to fund legal and other costs should the Charter School cease operations and dissolve.

Tax exempt status

The Charter School is a tax-exempt Charter School under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2018 through June 30, 2021 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

In-kind donations

Gifts and donations other than cash are recorded at fair value at the date of contribution. The Charter School did not receive any in-kind contributions for the years ended June 30, 2021 and 2020.

Contributed services

The Charter School receives contributed services from volunteers to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. The Charter School received donated transportation, food services and special education services from the local school district. The Charter School was unable to determine a value for these services. In addition, the Charter School is located in New York City Department of Education facilities and utilizes approximately 52,000 square feet at no charge.

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$63,000 and \$62,000 for the years ended June 30, 2021 and 2020, respectively.

Comparatives for year ended June 30, 2020

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

New accounting pronouncements

Leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School's financial position or results of operations.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kind recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and will be applied on a retrospective basis. The Charter School is currently evaluating the provisions of this update to determine the impact it will have on the Charter School's financial statements.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 28, 2021, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash accounts and certificates of deposit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash and shows positive cash generated by operations for fiscal years 2021 and 2020.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE B: LIQUIDITY AND AVAILABILITY, Cont'd

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, comprise the following:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,338,163	\$ 3,955,102
Certificates of deposit	1,421,812	1,406,346
Accounts receivable	245,603	407,426
Grants and other receivables	<u>933,048</u>	<u>478,691</u>
Total financial assets available within one year	9,938,626	6,247,565
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>(31,494)</u>	<u>(31,745)</u>
Total amounts unavailable for general expenditures within one year	<u>(31,494)</u>	<u>(31,745)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 9,907,132</u>	<u>\$ 6,215,820</u>

To help manage unanticipated liquidity needs, the Charter School has a committed line of credit in the amount of \$200,000 which it could draw upon. There was no outstanding balance at June 30, 2021 or 2020.

NOTE C: SCHOOL FACILITY

The Charter School has an agreement with the New York City Department of Education for dedicated and shared space at no charge at P.S. 111 Annex, a New York City Public School located at 3740 Baychester Avenue, Bronx, New York.

The Charter School has an agreement with the New York City Department of Education for dedicated and shared space at no charge at MS 144, a New York City Public School located at 2545 Gunther Avenue, Bronx, New York.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 785,744	\$ 759,166
Computer equipment	<u>1,861,921</u>	<u>1,607,600</u>
	2,647,665	2,366,766
Less accumulated depreciation	<u>2,231,189</u>	<u>2,002,296</u>
	<u>\$ 416,476</u>	<u>\$ 364,470</u>

NOTE E: LINE OF CREDIT

The Charter School entered into a \$200,000 line of credit agreement with a bank during 2013. Interest is payable at prime plus 75 basis points (effective rate of 4.00% at June 30, 2021). There was no outstanding balance at June 30, 2021 and 2020. The line is secured by a certain certificate of deposit held by the Charter School.

NOTE F: OPERATING LEASES

The Charter School leases office equipment under certain non-cancelable lease agreements expiring through January 2023. Lease expense was approximately \$154,000 and \$147,000 for the years ended June 30, 2021 and 2020, respectively. The future approximate minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 125,000
2023	<u>73,000</u>
	<u>\$ 198,000</u>

NOTE G: RETIREMENT PLAN

The Charter School sponsors a 403(b) retirement plan (the "Plan") for its employees. All employees of the Charter School are eligible to participate. The Charter School matches 100% of the employee's contributions up to \$2,520 per year. During the years ended June 30, 2021 and 2020, the Charter School contributed approximately \$261,000 and \$268,000, respectively, to the Plan.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE H: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such 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.

NOTE I: CONCENTRATIONS

At June 30, 2021 and 2020, accounts receivable and grants and contracts receivables are comprised of the following:

	June 30,	
	2021	2020
New York City Department of Education	*	20%
Federal Government	78%	51%
Mt. Vernon Department of Education	15%	21%

* below 10% of receivables

During the years ended June 30, 2021 and 2020, approximately 92% and 95%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE J: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	2021	2020
Undesignated	\$ 8,462,164	\$ 4,796,338
Invested in property and equipment	416,476	364,470
	<u>\$ 8,878,640</u>	<u>\$ 5,160,808</u>

Net assets with donor restrictions consisted of the following:

	June 30,	
	2021	2020
Scholarship fund	\$ 31,494	\$ 31,745

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

NOTE K: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE L: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized approximately \$434,000 of revenue relative to ESSER grants during the year ended June 30, 2021.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Bronx Charter School for Better Learning

We have audited the financial statements of Bronx Charter School for Better Learning as of and for the year ended June 30, 2021, and have issued our report thereon dated October 28, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter 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 for the year ended June 30, 2021, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 28, 2021

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2021

	Bronx Charter School for Better Learning I	Bronx Charter School for Better Learning II	Eliminations	Total
Revenue, gains, and other support:				
Public school district				
Resident student enrollment	\$ 8,945,369	\$ 7,354,746	\$ -	\$ 16,300,115
Students with disabilities	828,514	564,281	-	1,392,795
Grants and contracts				
State and local	196,515	-	-	196,515
Federal - Title and IDEA	393,546	301,251	-	694,797
Federal - other	364,969	191,319	-	556,288
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>10,728,913</u>	<u>8,411,597</u>	-	<u>19,140,510</u>
Expenses:				
Program services:				
Regular education	6,503,782	5,078,839	-	11,582,621
Special education	1,562,547	1,194,104	-	2,756,651
Total program services	8,066,329	6,272,943	-	14,339,272
Management and general	608,320	492,556	-	1,100,876
Fundraising and special events	60,252	58,723	-	118,975
TOTAL OPERATING EXPENSES	<u>8,734,901</u>	<u>6,824,222</u>	-	<u>15,559,123</u>
SURPLUS FROM SCHOOL OPERATIONS	1,994,012	1,587,375	-	3,581,387
Support and other revenue:				
Contributions				
Foundations	70,400	-	-	70,400
Individuals	29,325	254	-	29,579
Fundraising	17,129	-	-	17,129
Interest income	18,875	-	-	18,875
Miscellaneous income	210	1	-	211
TOTAL SUPPORT AND OTHER REVENUE	<u>135,939</u>	<u>255</u>	-	<u>136,194</u>
CHANGE IN NET ASSETS	2,129,951	1,587,630	-	3,717,581
Net assets at beginning of year	2,280,502	2,912,051	-	5,192,553
NET ASSETS AT END OF YEAR	<u>\$ 4,410,453</u>	<u>\$ 4,499,681</u>	<u>\$ -</u>	<u>\$ 8,910,134</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES – BRONX CHARTER SCHOOL FOR BETTER LEARNING I

YEAR ENDED JUNE 30, 2021

	Year ended June 30, 2021							Total
	Program Services			Supporting Services			Sub-total	
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events		
Personnel services costs:								
Administrative staff personnel	5	\$ 24,412	\$ 12,206	\$ 36,618	\$ 202,617	\$ 33,679	\$ 236,296	\$ 272,914
Instructional personnel	81	3,814,683	972,188	4,786,871	-	-	-	4,786,871
Non-instructional personnel	11	587,418	91,749	679,167	81,045	5,771	86,816	765,983
Total personnel services costs	97	4,426,513	1,076,143	5,502,656	283,662	39,450	323,112	5,825,768
Fringe benefits and payroll taxes		1,234,943	300,231	1,535,174	79,138	11,006	90,144	1,625,318
Retirement		139,521	33,919	173,440	8,941	1,243	10,184	183,624
Legal service		-	-	-	46,034	-	46,034	46,034
Accounting / audit services		-	-	-	34,960	-	34,960	34,960
Other purchased / professional / consulting services		111,247	20,925	132,172	79,706	535	80,241	212,413
Repairs and maintenance		86,769	21,094	107,863	5,560	773	6,333	114,196
Insurance		61,170	14,871	76,041	3,920	545	4,465	80,506
Utilities		72,113	17,531	89,644	4,621	643	5,264	94,908
Supplies and materials		72,059	11,408	83,467	1,339	186	1,525	84,992
Non-capitalized equipment/furnishings		2,546	619	3,165	163	23	186	3,351
Staff development		11,142	2,709	13,851	714	99	813	14,664
Marketing and recruitment		6,247	773	7,020	50,820	-	50,820	57,840
Technology		61,166	14,870	76,036	3,920	545	4,465	80,501
Food service		1,280	311	1,591	82	11	93	1,684
Student services		47,121	5,828	52,949	-	-	-	52,949
Office expense		61,290	14,900	76,190	3,928	546	4,474	80,664
Depreciation		101,600	24,700	126,300	6,511	905	7,416	133,716
Other		7,055	1,715	8,770	(5,699)	3,742	(1,957)	6,813
		<u>\$ 6,503,782</u>	<u>\$ 1,562,547</u>	<u>\$ 8,066,329</u>	<u>\$ 608,320</u>	<u>\$ 60,252</u>	<u>\$ 668,572</u>	<u>\$ 8,734,901</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES – BRONX CHARTER SCHOOL FOR BETTER LEARNING II

YEAR ENDED JUNE 30, 2021

	Year ended June 30, 2021							
	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	4	\$ 26,520	\$ 13,260	\$ 39,780	\$ 220,119	\$ 32,656	\$ 252,775	\$ 292,555
Instructional personnel	61	3,082,245	786,161	3,868,406	-	-	-	3,868,406
Non-instructional personnel	6	649,955	91,960	741,915	129,261	11,353	140,614	882,529
Total personnel services costs	71	3,758,720	891,381	4,650,101	349,380	44,009	393,389	5,043,490
Fringe benefits and payroll taxes		970,829	230,232	1,201,061	90,240	11,367	101,607	1,302,668
Retirement		57,672	13,677	71,349	5,361	675	6,036	77,385
Accounting / audit services		-	-	-	15,163	-	15,163	15,163
Other purchased / professional / consulting services		26,325	4,934	31,259	10,938	192	11,130	42,389
Repairs and maintenance		39,233	9,304	48,537	3,647	459	4,106	52,643
Insurance		23,590	5,594	29,184	2,193	276	2,469	31,653
Utilities		38,188	9,056	47,244	3,550	447	3,997	51,241
Supplies and materials		29,399	5,557	34,956	1,734	218	1,952	36,908
Non-capitalized equipment/furnishings		-	-	-	-	-	-	-
Staff development		2,486	590	3,076	231	29	260	3,336
Marketing and recruitment		3,855	651	4,506	173	22	195	4,701
Technology		18,950	-	18,950	-	-	-	18,950
Food service		684	162	846	64	8	72	918
Student services		21,720	2,290	24,010	-	-	-	24,010
Office expense		13,599	3,225	16,824	1,264	159	1,423	18,247
Depreciation		70,932	16,821	87,753	6,593	831	7,424	95,177
Other		2,657	630	3,287	2,025	31	2,056	5,343
		<u>\$ 5,078,839</u>	<u>\$ 1,194,104</u>	<u>\$ 6,272,943</u>	<u>\$ 492,556</u>	<u>\$ 58,723</u>	<u>\$ 551,279</u>	<u>\$ 6,824,222</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

BRONX, NEW YORK

SCHEDULES REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND
THE UNIFORM GUIDANCE

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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

Board of Trustees
Bronx Charter School for Better Learning

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 Bronx Charter School for Better Learning which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and changes in net assets, 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 28, 2021.

Internal Control over Financial Reporting

Management of Bronx Charter School for Better Learning is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered Bronx Charter School for Better Learning'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 Bronx Charter School for Better Learning's internal control. Accordingly, we do not express an opinion on the effectiveness of Bronx Charter School for Better Learning'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 Bronx Charter School for Better Learning'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 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.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 28, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Bronx Charter School for Better Learning

Report on Compliance for Each Major Federal Program

We have audited Bronx Charter School for Better Learning's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Bronx Charter School for Better Learning's major federal program for the year ended June 30, 2021. Bronx Charter School for Better Learning's major federal program is identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bronx Charter School for Better Learning'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 (CFR) 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 Bronx Charter School for Better Learning'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 on Bronx Charter School for Better Learning's compliance.

Opinion on Each Major Program

In our opinion, Bronx Charter School for Better Learning complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Bronx Charter School for Better Learning 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, we considered Bronx Charter School for Better Learning's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 Bronx Charter School for Better Learning'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 on 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.

Report on Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance

We have audited the financial statements of Bronx Charter School for Better Learning as of and for the year ended June 30, 2021, and have issued our report thereon dated October 28, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 28, 2021

BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

	Federal AL Number	Pass-through Grantor's Number	Total Federal Expenditures
U.S. Department of Education:			
<u>Passed through NYS Department of Education</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 519,565
Title IIA - Improving Teacher Quality	84.367	0147	68,809
Title IV - Student Support and Academic Enrichment Program Elementary and Secondary School Emergency Relief (ESSER) Fund	84.424	0204	35,990
COVID-19 Charter Schools Program	84.425D	5890	434,146
	84.282		<u>49,950</u>
TOTAL DEPARTMENT OF EDUCATION			1,108,460
TOTAL ALL PROGRAMS			<u>\$ 1,108,460</u>

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bronx Charter School for Better Learning and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Bronx Charter School for Better Learning has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness (es) identified?	_____ yes <u> x </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes <u> x </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> x </u> no

Federal Awards

Internal control over major programs:	
• Material weakness (es) identified?	_____ yes <u> x </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes <u> x </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____ yes <u> x </u> no

Identification of major program:

AL Number:

84.010

Name of Federal Program or Cluster:

Title I - Grants to Local Educational Agencies

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

\$750,000

Auditee qualified as low-risk auditee?	_____ yes <u> x </u> no
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BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd

YEAR ENDED JUNE 30, 2021

FINDING – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM

None.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.