

**Sisulu-Walker Charter School of Harlem, Inc.**

**Financial Statements  
and  
Independent Auditors' Report**

**June 30, 2021**

**Sisulu-Walker Charter School of Harlem, Inc.**

**Financial Statements**

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## Independent Auditors' Report

To the Board of Trustees of  
Sisulu-Walker Charter School of Harlem, Inc.  
New York, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of Sisulu-Walker Charter School of Harlem, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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 Sisulu-Walker Charter School of Harlem, Inc. 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 Sisulu-Walker Charter School of Harlem, Inc.'s 2020 financial statements, and our report dated October 20, 2020, expressed an unmodified opinion on those audited financial statements. 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021, on our consideration of Sisulu-Walker Charter School of Harlem, Inc.'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 Sisulu-Walker Charter School of Harlem, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Vargas & Rivera, LLP". The signature is written in a cursive style with a stylized ampersand.

New City, New York

October 27, 2021

Sisulu-Walker Charter School of Harlem, Inc.  
Statement of Financial Position  
June 30, 2021  
(With Summarized Comparative Information For June 30, 2020)

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
	<hr/>	<hr/>
Current Assets		
Cash	\$ 810,997	\$ 1,290,838
Due from Government Agencies (Note 3)	209,151	107,417
Prepaid Expenses	17,900	-
	<hr/>	<hr/>
Total Current Assets	1,038,048	1,398,255
	<hr/>	<hr/>
Fixed Assets		
Leasehold Improvements	218,912	134,517
Equipment, Furniture and Fixtures	950,502	760,013
	<hr/>	<hr/>
	1,169,414	894,530
Less: Accumulated Depreciation	(845,619)	(791,140)
	<hr/>	<hr/>
Total Fixed Assets	323,795	103,390
	<hr/>	<hr/>
Other Assets		
Security Deposits	37,500	37,500
	<hr/>	<hr/>
Total Other Assets	37,500	37,500
	<hr/>	<hr/>
Total Assets	\$ 1,399,343	\$ 1,539,145
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 121,438	\$ 89,078
Accrued Payroll and Related Expenses	348,929	303,329
	<hr/>	<hr/>
Total Current Liabilities	470,367	392,407
	<hr/>	<hr/>
Long-Term Liabilities		
Loan Payable (Note 5)	-	456,000
	<hr/>	<hr/>
Total Liabilities	470,367	848,407
	<hr/>	<hr/>
Net Assets		
Net Assets Without Donor Restrictions	928,976	690,738
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 1,399,343	\$ 1,539,145
	<hr/> <hr/>	<hr/> <hr/>

Sisulu-Walker Charter School of Harlem, Inc.  
Statement of Activities  
For the year ended June 30, 2021  
(With Summarized Comparative Information For The Year Ended June 30, 2020)

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

**PUBLIC SUPPORT AND REVENUE**

	<b>2021</b>	<b>2020</b>
Resident Student Enrollment	\$ 3,632,551	\$ 3,707,117
Grants and Contracts		
Federal Funding	260,313	147,547
State Funding	-	40,456
PPP Loan Forgiveness	456,000	-
Corporate Contributions	114,947	39,938
Interest Income	4,716	12,592
Total Public Support and Revenue	4,468,527	3,947,650

**EXPENSES**

Program Services		
Regular Education	2,053,797	2,195,825
Special Education	1,604,614	1,149,351
Total Program Expenses	3,658,411	3,345,176
Supporting Services		
Management and General	571,878	727,411
Total Expenses	4,230,289	4,072,587
Total Change in Net Assets	238,238	(124,937)
Net Assets, Beginning of Year	690,738	815,675
Net Assets, End of Year	\$ 928,976	\$ 690,738

Sisulu-Walker Charter School of Harlem, Inc.  
Statement of Functional Expenses  
For the year ended June 30, 2021  
(With Summarized Comparative Information For The Year Ended June 30, 2020)

	<u>Regular Education</u>	<u>Special Education</u>	<u>Total Programs</u>	<u>Support Services</u>	<u>2021</u>	<u>2020</u>
<u>Personnel Service Costs</u>						
Salaries						
Administrative Staff Personnel	\$ 163,803	\$ 102,377	266,180	\$ 143,328	\$ 409,508	447,591
Instructional Personnel	963,353	790,850	1,754,203	-	1,754,203	1,544,462
Non-Instructional Personnel	-	-	-	170,874	170,874	302,307
Total Personnel Costs	<u>1,127,156</u>	<u>893,227</u>	<u>2,020,383</u>	<u>314,202</u>	<u>2,334,585</u>	<u>2,294,360</u>
Fringe Benefits	158,797	125,840	284,637	20,192	304,829	334,699
Payroll Taxes	97,359	77,154	174,513	12,380	186,893	183,810
Retirement Benefits	31,312	24,814	56,126	3,982	60,108	53,261
Total Personnel and Related Expenses	<u>287,468</u>	<u>227,808</u>	<u>515,276</u>	<u>36,554</u>	<u>551,830</u>	<u>571,770</u>
<u>Operating Expenses</u>						
Consultants - Education (Note 6)	80,438	63,744	144,182	10,228	154,410	120,912
Legal	-	-	-	-	-	6,361
Insurance	31,029	24,589	55,618	3,946	59,564	53,329
Supplies and Materials	51,504	23,449	74,953	2,180	77,133	56,938
Technology	29,402	23,300	52,702	3,739	56,441	22,737
Occupancy	250,319	198,368	448,687	31,830	480,517	480,645
Utilities	24,065	19,071	43,136	3,060	46,196	73,660
Student Services	2,749	789	3,538	-	3,538	20,567
Staff Development	42,200	32,264	74,464	5,070	79,534	12,845
Marketing and Recruitment	10,997	5,708	16,705	642	17,347	55,310
Accounting and Audit Fees	-	-	-	145,617	145,617	140,754
Office Expenses	52,820	41,858	94,678	6,717	101,395	53,017
Maintenance and Repairs	18,932	15,003	33,935	2,407	36,342	62,565
Equipment and Furnishings	1,234	978	2,212	157	2,369	-
Depreciation	28,380	22,490	50,870	3,609	54,479	31,845
Other Expenses	15,104	11,968	27,072	1,920	28,992	14,972
Total Operating Expenses	<u>639,173</u>	<u>483,579</u>	<u>1,122,752</u>	<u>221,122</u>	<u>1,343,874</u>	<u>1,206,457</u>
<b>TOTAL EXPENSES</b>	<u>\$ 2,053,797</u>	<u>\$ 1,604,614</u>	<u>\$ 3,658,411</u>	<u>\$ 571,878</u>	<u>\$ 4,230,289</u>	<u>\$ 4,072,587</u>

Sisulu-Walker Charter School of Harlem, Inc.  
Statement of Cash Flows  
For the year ended June 30, 2021  
(With Summarized Comparative Information For The Year Ended June 30, 2020)

	<b>2021</b>	<b>2020</b>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Resident Student Enrollment	\$ 3,624,003	\$ 3,695,661
Receipts from Grants and Contributions	738,074	247,223
Receipts from Other Revenue	4,716	12,592
Payments to Employees	(2,840,815)	(2,816,797)
Payments to Vendors and Suppliers	(1,274,935)	(1,162,754)
Net Cash Provided by Operating Activities	251,043	(24,075)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Leasehold Improvements	(84,395)	(14,090)
Purchases of Equipment, Furniture and Fixtures	(190,489)	(40,011)
Net Cash Used In Investing Activities	(274,884)	(54,101)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Payable - (Forgiveness) Proceeds	(456,000)	456,000
Net Cash Used In Financing Activities	(456,000)	456,000
NET (DECREASE) INCREASE IN CASH	(479,841)	377,824
CASH AT BEGINNING OF YEAR	1,290,838	913,014
CASH AT END OF YEAR	\$ 810,997	\$ 1,290,838

Sisulu-Walker Charter School of Harlem, Inc.  
Notes to the Financial Statements  
June 30, 2021

**NOTE 1 - ORGANIZATION**

Sisulu-Walker Charter School of Harlem, Inc. (the "School") is a charter school for children located in Harlem, New York. In fiscal year 2014, the School operated grades kindergarten through fifth. It educates children in a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The School was chartered during August 1999 and the first classes were offered during the 1999-2000 school year. Charter was renewed in 2016 and extended thru 2021.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

*Basis of Presentation*

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the Organization at June 30, 2021 were considered to be net assets without donor restrictions.

*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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the School considers all highly liquid investments available for current use with an initial period of three months or less to be cash equivalents.

*Functional Allocation of Expenses*

Expenses relating to more than one function are allocated to program service and management and general based on employee time estimates or other appropriate usage factors.

Sisulu-Walker Charter School of Harlem, Inc.  
Notes to the Financial Statements  
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Tax Exempt Status*

The School is a tax-exempt organization 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 School has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

The School files the Form 990 in the U.S. federal jurisdiction. With few exceptions, as of June 30, 2021, the School is no longer subject to U.S. Federal income tax examinations by tax authorities for the years ended prior to June 30, 2018. The tax returns for the years ended June 30, 2018 through June 30, 2020 are still subject to potential audit by the IRS. Management of the School believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits.

*Leasehold Improvements Furniture and Fixtures, and Equipment*

Leasehold improvements, furniture and equipment are valued at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets or the term of the lease agreement. Normal replacement and maintenance costs are charged to earnings as incurred, and major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss for the period. The School capitalizes assets with cost of \$500 and over. Depreciation is calculated based on the useful lives of the assets as follows: Leasehold Improvements 5 Years, Equipment and Furniture 3 - 7 Years.

*Support and Revenue Recognition*

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Revenue from grants and contracts is recognized as the related costs are incurred under the grant or contract agreement. This support may be subject to approved budgets, as amended, and may be subject to possible adjustment after audit by the granting agencies. The fiscal periods of these grants and contracts may differ from the fiscal year end of the School. The School believes all accounts receivable at June 30, 2021 will be fully collected. Accordingly, no allowance for doubtful accounts is required. Deferred amounts represent cash received in advance of related expenditures.

*Contributed Services*

Contributed services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A number of volunteers have made a contribution of their time to the School to develop academic and other programs and to serve on the board of trustees. The value of this contributed time is not reflected in the financial statements as such services either do not require specialized skills or would not typically be purchased had they not been provided as donations.

Sisulu-Walker Charter School of Harlem, Inc.  
Notes to the Financial Statements  
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Liquidity*

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting in use of cash.

*Comparative Financial Information*

The June 30, 2020 financial statements include certain prior year summarized comparative information in total but not by net asset class. As a result, the June 30, 2020 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2020 information should be read in conjunction with the School's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 3 – DUE FROM GOVERNMENT AGENCIES

Under the School's Charter School Agreement and the Charter School Act, the School is entitled to receive funding from both State and Federal sources that are available to public schools. These funds include State pupil enrollment funds and Federal food subsidies and Title I, IIA, IID, IV and V funds. The calculation of the amounts to be paid to the School under these programs is determined by the State, and is based on complex laws and regulations, enrollment levels, and economic information related to the home school district of the children enrolled in the school. If these regulations, some of which are relatively new in the State of New York, were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly. As of June 30, 2021, \$209,151 is due from government agencies.

NOTE 4 – DEFINED CONTRIBUTION PLAN

The School offers a 401(k) plan (the "Plan") for substantially all of its employees. Employees are eligible for the plan immediately upon employment and participation in the Plan is voluntary. Employees may contribute up to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The School matches the employee contribution 100% up to 4% of the employee's annual compensation. The School's contribution recognized in the statement of activities was \$60,108 for 2021. The Plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the Plan's participants and beneficiaries.

NOTE 5 – LOANS PAYABLE

On April 29, 2020, the School was granted a loan from in the aggregate amount of \$456,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of Note dated April 29, 2020 issued by the School, matures on April 29, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 29, 2020. The Note may be prepaid by the School at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The School intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The School used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 56 months of the end of the covered period. The Small Business Administration ("SBA") determined that the amount the School requested for forgiveness ("Forgiven Amount") on the PPP loan was fully approved and the SBA remitted the Forgiven Amount to Signature Bank. The School's PPP loan was paid in full (including applicable interest) on March 30, 2021.

Sisulu-Walker Charter School of Harlem, Inc.  
Notes to the Financial Statements  
June 30, 2021

NOTE 6 – CONSULTANTS - EDUCATION

In January 2007, the School entered into a Second Charter School Management Agreement with Victory Schools, Inc. (VSI) d/b/a Victory Education Partners (VEP) to provide services related to certain education and operational aspects of the School. Victory serves as an advisor regarding functions associated with the educational services to be provided to the students at the School and consults with the School with respect to its legal and operational compliance in accordance with the terms of the charter and the Charter School Act. VSI d/b/a BoostEd Finance and the School replaced that certain agreement with another agreement, effective July 1, 2020,. BoostEd shall provide the School with the services outlined on Statement of Work of the agreement. In exchange for the services, the School shall pay to BoostEd the service fee outlined on the Statement of Work.

NOTE 7 – COMMITMENTS

Occupancy Lease

The School is paying rent for space for classroom instruction and administration activity under a month-to-month lease. Monthly rental payments total \$39,784. For the fiscal year ended June 30, 2021, rent expense paid was \$477,405.

Operating Lease

The School entered into an operating lease agreement for equipment on August 22, 2017. The lease begins on September 1, 2017 and calls for monthly payments of \$2,550 and expires on November 30, 2020. The School entered into a new operating lease agreement for equipment on August 21, 2020. The lease begins on September 1, 2020 and calls for monthly payments of \$2,000 and expires on November 30, 2023.

Future minimum rental payments under the terms of this lease are as follows:

Year Ending June 30,	Amount
2022	\$ 24,000
2023	24,000
2024	16,000
	\$ 64,000

NOTE 8 – CONTINGENCY

The School participates in a number of Federal and State programs. These programs require the School comply with certain requirements of laws, regulations, contracts, and agreements applicable to the program in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on the financial position or results of operations. Accordingly, no provision for such liability that may result has been made in the accompanying financial statements.

Sisulu-Walker Charter School of Harlem, Inc.  
Notes to the Financial Statements  
June 30, 2021

NOTE 9 – CONCENTRATIONS

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at major financial institutions which, at times may exceed the Federal Deposit Insurance Corporation insured limit of \$250,000 and Due from Government Agencies. Management believes that there is little risk in any losses and has not experienced any losses in such accounts. Management also believes that credit risk with respect to Due from Government Agencies is limited since the amounts are due from local and federal government programs.

The School is dependent on various government agencies for funding, and is responsible for meeting the requirements of such agencies. If the school was to lose students or the related government funding, it could have a substantial effect on its ability to continue operations.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

At June 30, 2021, the School has \$1,020,148 of financial assets to meet needs for general expenditures consisting of cash of \$810,997 and due from government agencies of \$209,151. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the organization in the next 12 months.

In addition to financial assets available to meet general expenditures over the year, the School operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient tuition and other revenues. The statement of cash flows identifies the sources and uses of the School's cash and shows positive cash generated by operations of \$251,043 for fiscal year ending June 30, 2021.

NOTE 11 – SUBSEQUENT EVENTS

The School evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 27, 2021, for these financial statements.

**Independent Auditors' 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***

To the Board of Trustees of  
Sisulu-Walker Charter School of Harlem, Inc.  
New York, New York

We have audited, 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, the financial statements of Sisulu-Walker Charter School of Harlem, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Sisulu-Walker Charter School of Harlem, Inc.'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 Sisulu-Walker Charter School of Harlem, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Sisulu-Walker Charter School of Harlem, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vargas & Rivera, LLP*

New City, New York

October 27, 2021