

**TAPESTRY CHARTER SCHOOL**

**Financial Statements  
and  
Supplementary Information**

**Years Ended June 30, 2021 and 2020**

**(With Independent Auditor's Report Thereon)**

# TAPESTRY CHARTER SCHOOL

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1-2
<b>Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4-5
Statements of Functional Expenses .....	6-7
Statements of Cash Flows .....	8-9
<b>Notes to Financial Statements</b> .....	10-16
<b>Supplementary Information:</b>	
Schedule of Expenditures of Federal Awards .....	17
<b>Notes to Schedule of Expenditure of Federal Awards</b> .....	18
<b>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 <i>Government Auditing Standards</i></b> .....	19-20
<b>Independent Auditors Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance</b> .....	21-22
<b>Schedule of Prior Year Findings and Schedule of Findings and Questioned Costs</b> .....	23



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Tapestry Charter School  
Buffalo, New York

We have audited the accompanying financial statements of Tapestry Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 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 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.

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tapestry Charter School as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Other Information

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, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 1, 2021, on our consideration of Tapestry Charter 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 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 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 Tapestry Charter School's internal control over financial reporting and compliance.

*Allied CPAs, P.C.*

Tonawanda, New York  
November 1, 2021

**TAPESTRY CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30,**

	<b>2021</b>	<b>2020</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 8,220,973	\$ 6,514,863
Accounts Receivable	1,937,214	907,944
Prepaid Expenses	95,666	83,996
<b>TOTAL CURRENT ASSETS</b>	10,253,853	7,506,803
Property and Equipment, Net of Accumulated Depreciation of \$9,615,782 and \$8,246,860 in 2021 and 2020	27,410,572	28,470,590
<b>INVESTMENTS, HELD IN TRUST</b>	4,277,300	3,985,443
<b>OTHER ASSETS</b>		
Restricted Cash Reserve	75,000	75,000
<b>TOTAL ASSETS</b>	<b>\$ 42,016,725</b>	<b>\$ 40,037,836</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 248,966	\$ 178,097
Accrued Expenses	2,467,806	2,309,241
Deferred Revenue	6,578	-
Bonds Payable, Current Maturities	450,000	425,000
<b>TOTAL CURRENT LIABILITIES</b>	3,173,350	2,912,338
<b>LONG TERM LIABILITIES</b>		
Payroll Protection Program Loan	-	1,923,000
Bonds Payable, Net of Current Maturities	32,387,255	32,822,918
<b>TOTAL LIABILITIES</b>	35,560,605	37,658,256
<b>NET ASSETS</b>		
Without Donor Restrictions	6,411,562	2,228,291
With Donor Restrictions	44,558	151,289
<b>TOTAL NET ASSETS</b>	6,456,120	2,379,580
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 42,016,725</b>	<b>\$ 40,037,836</b>

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Comparative Totals for the Year Ended June 30, 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>REVENUES, GAINS, &amp; OTHER SUPPORT</b>				
Public School District Revenue:				
Resident Student Enrollment	\$ 14,000,397	\$ -	\$ 14,000,397	\$ 13,024,174
Students with Disabilities	1,118,773	-	1,118,773	890,249
Grants and Contracts	1,981,694	-	1,981,694	587,375
Cafeteria Income	479,716	-	479,716	490,697
Private Grants and Contributions	18,564	58,812	77,376	11,043
Fundraising Income, Net of Direct Expenses of \$4,292	19,126	-	19,126	5,455
Interest Income	10,894	-	10,894	54,393
Miscellaneous Income	51,573	-	51,573	116,985
Paycheck Protection Program Loan Forgiveness	1,923,000	-	1,923,000	-
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	165,543	(165,543)	-	-
<b>TOTAL REVENUES, GAINS, &amp; OTHER SUPPORT</b>	<b>19,769,280</b>	<b>(106,731)</b>	<b>19,662,549</b>	<b>15,180,371</b>
<b>EXPENSES AND LOSSES</b>				
Program Services:				
Regular Education	10,899,316	-	10,899,316	10,716,944
Special Education	1,171,014	-	1,171,014	1,158,915
Other Programs	1,451,632	-	1,451,632	1,419,672
Total Program Services	13,521,962	-	13,521,962	13,295,531
Supporting Services:				
Management and General	2,003,144	-	2,003,144	2,249,852
Development Activities	60,903	-	60,903	14,999
<b>TOTAL EXPENSES</b>	<b>15,586,009</b>	<b>-</b>	<b>15,586,009</b>	<b>15,560,382</b>
Change in Net Assets	4,183,271	(106,731)	4,076,540	(380,011)
<b>Net Assets, Beginning of Year</b>	<b>2,228,291</b>	<b>151,289</b>	<b>2,379,580</b>	<b>2,759,591</b>
<b>Net Assets, End of Year</b>	<b>\$ 6,411,562</b>	<b>\$ 44,558</b>	<b>\$ 6,456,120</b>	<b>\$ 2,379,580</b>

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS &amp; OTHER SUPPORT</b>			
Public School District Revenue:			
Resident Student Enrollment	\$ 13,024,174	\$ -	\$ 13,024,174
Students with Disabilities	890,249	-	890,249
Grants and Contracts	423,441	163,934	587,375
Cafeteria Income	490,697	-	490,697
Contributions	8,563	2,480	11,043
Fundraising Income, Net of Direct			
Expenses of \$4,292	5,455	-	5,455
Interest Income	54,393	-	54,393
Miscellaneous Income	116,985	-	116,985
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	124,587	(124,587)	-
<b>TOTAL REVENUES, GAINS &amp; OTHER SUPPORT</b>	<b>15,138,544</b>	<b>41,827</b>	<b>15,180,371</b>
<b>EXPENSES AND LOSSES</b>			
Program Services:			
Regular Education	10,716,944	-	10,716,944
Special Education	1,158,915	-	1,158,915
Other Programs	1,419,672	-	1,419,672
Total Program Services	13,295,531	-	13,295,531
Supporting Services:			
Management and General	2,249,852	-	2,249,852
Development Activities	14,999	-	14,999
<b>TOTAL EXPENSES</b>	<b>15,560,382</b>	<b>-</b>	<b>15,560,382</b>
Change in Net Assets	(421,838)	41,827	(380,011)
<b>Net Assets, Beginning of Year</b>	<b>2,650,129</b>	<b>109,462</b>	<b>2,759,591</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,228,291</b>	<b>\$ 151,289</b>	<b>\$ 2,379,580</b>

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	No. of Positions (Unaudited)	Program Services				Supporting Services		Total 2021
		Regular Education	Special Education	Other Programs	Total	Management and General	Development Activities	
<b>Salaries and Wages:</b>								
Administrative Staff	21	\$ -	\$ -	\$ -	\$ -	\$ 860,443	\$ 49,200	\$ 909,643
Instructional	108	5,901,000	-	-	5,901,000	-	-	5,901,000
SPED	17	-	699,277	-	699,277	-	-	699,277
Non-Instructional	20	-	-	847,109	847,109	-	-	847,109
<b>TOTAL SALARIES AND WAGES</b>	<b>166</b>	<b>5,901,000</b>	<b>699,277</b>	<b>847,109</b>	<b>7,447,386</b>	<b>860,443</b>	<b>49,200</b>	<b>8,357,029</b>
Payroll Taxes		429,087	50,847	61,597	541,531	62,566	3,578	607,675
Employee Benefits		974,546	115,485	139,900	1,229,931	142,102	8,125	1,380,158
Food Service		-	-	152,900	152,900	-	-	152,900
Accounting and Legal		-	-	-	-	161,469	-	161,469
Books and Instructional Materials		47,219	-	-	47,219	-	-	47,219
Instructional Consultants		46,177	117,601	-	163,778	-	-	163,778
Contracted Services		-	-	-	-	71,716	-	71,716
Utilities		-	-	-	-	160,085	-	160,085
Classroom Supplies		43,914	-	-	43,914	-	-	43,914
Arts, Dance and Music		1,529	-	-	1,529	-	-	1,529
Scholarships		-	-	1,000	1,000	-	-	1,000
Student Services		50,602	-	-	50,602	-	-	50,602
Staff Development		29,015	-	-	29,015	-	-	29,015
Interest Expense		1,270,489	79,406	79,406	1,429,301	158,811	-	1,588,112
Office Expense		-	-	-	-	52,601	-	52,601
Advertising and Promotion		-	-	-	-	19,703	-	19,703
Maintenance and Repairs		485,051	30,316	30,316	545,683	60,631	-	606,314
Telephone		41,660	2,604	2,604	46,868	5,207	-	52,075
Technology Expense		187,243	-	-	187,243	-	-	187,243
Field Trips and Activities		1,695	-	22,153	23,848	-	-	23,848
Student Testing and Assessment		50,373	-	-	50,373	-	-	50,373
Sports Expenses		-	-	35,748	35,748	-	-	35,748
Insurance		188,185	11,762	11,762	211,709	23,522	-	235,231
Miscellaneous		-	-	-	-	56,227	-	56,227
Depreciation and Amortization		1,151,531	63,716	67,137	1,282,384	168,061	-	1,450,445
<b>Total</b>		<b>\$ 10,899,316</b>	<b>\$ 1,171,014</b>	<b>\$ 1,451,632</b>	<b>\$ 13,521,962</b>	<b>\$ 2,003,144</b>	<b>\$ 60,903</b>	<b>\$ 15,586,009</b>

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	No. of Positions (Unaudited)	Program Services				Supporting Services		Total
		Regular Education	Special Education	Other Programs	Total	Management and General	Development Activities	
<b>Salaries and Wages:</b>								
Administrative Staff	18	\$ -	\$ -	\$ -	\$ -	\$ 915,122	\$ 12,185	\$ 927,307
Instructional	99	5,840,197	741,703	-	6,581,900	-	-	6,581,900
Non-Instructional	10	-	-	709,077	709,077	-	-	709,077
<b>TOTAL SALARIES AND WAGES</b>	<b>127</b>	<b>5,840,197</b>	<b>741,703</b>	<b>709,077</b>	<b>7,290,977</b>	<b>915,122</b>	<b>12,185</b>	<b>8,218,284</b>
Payroll Taxes		436,844	55,479	53,039	545,362	68,451	911	614,724
Employee Benefits		912,325	115,865	110,768	1,138,958	142,955	1,903	1,283,816
Food Service		-	-	226,349	226,349	-	-	226,349
Accounting and Legal		-	-	-	-	252,125	-	252,125
Books and Instructional Materials		22,652	-	-	22,652	-	-	22,652
Instructional Consultants		134,602	69,250	-	203,852	-	-	203,852
Contracted Services		-	-	-	-	145,129	-	145,129
Travel and Conferences		10,758	-	-	10,758	-	-	10,758
Utilities		-	-	-	-	172,024	-	172,024
Classroom Supplies		61,774	-	-	61,774	-	-	61,774
Arts, Dance and Music		21,661	-	-	21,661	-	-	21,661
Scholarships		-	-	-	-	-	-	-
Student Services		9,339	-	8,199	17,538	-	-	17,538
Staff Development		79,517	-	-	79,517	-	-	79,517
Interest Expense		1,342,560	83,910	83,910	1,510,380	104,323	-	1,614,703
Office Expense		-	-	-	-	65,915	-	65,915
Advertising and Promotion		-	-	-	-	17,532	-	17,532
Maintenance and Repairs		382,214	23,888	23,888	429,990	47,777	-	477,767
Telephone		32,340	2,021	2,021	36,382	13,515	-	49,897
Technology Expense		138,014	-	-	138,014	-	-	138,014
Field Trips and Activities		30,488	-	69,692	100,180	-	-	100,180
Student Testing and Assessment		87,900	-	-	87,900	-	-	87,900
Sports Expenses		-	-	55,678	55,678	-	-	55,678
Insurance		114,116	7,132	7,132	128,380	14,264	-	142,644
Vehicle Expense		-	-	6,249	6,249	-	-	6,249
Miscellaneous		-	-	-	-	70,078	-	70,078
Depreciation and Amortization		1,059,643	59,667	63,670	1,182,980	220,642	-	1,403,622
<b>TOTAL EXPENSES</b>		<b>\$ 10,716,944</b>	<b>\$ 1,158,915</b>	<b>\$ 1,419,672</b>	<b>\$ 13,295,531</b>	<b>\$ 2,249,852</b>	<b>\$ 14,999</b>	<b>\$ 15,560,382</b>

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30,**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Public School Districts	\$ 14,521,909	\$ 13,428,394
Cash Received from Grants	1,556,265	336,269
Cash Received from Contributions	77,377	35,825
Cash Received from Cafeteria	479,716	468,237
Cash Received from Other Sources	85,885	186,411
Payments to Employees for Services and Benefits	(9,616,376)	(10,200,675)
Payments to Vendors and Suppliers	(2,642,213)	(2,481,818)
Payments for Interest	(1,663,510)	(1,685,568)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,799,053</u>	<u>87,075</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Restricted Bond Investments	(291,857)	(10,090)
Purchase of Property and Equipment	(325,650)	(433,980)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(617,507)</u>	<u>(444,070)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Bonds Payable	(475,436)	(434,597)
Proceeds from Long-Term Note Payable	-	1,923,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>(475,436)</u>	<u>1,488,403</u>
Net Increase in Cash	1,706,110	1,131,408
<b>Cash at Beginning of Period</b>	<u>6,589,863</u>	<u>5,458,455</u>
<b>Cash at End of Period</b>	<u><b>\$ 8,295,973</b></u>	<u><b>\$ 6,589,863</b></u>

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30,**

	<b>2021</b>	<b>2020</b>
<b>Reconciliation of Change in Net Assets</b>		
<b>To Net Cash Provided By Operating Activities:</b>		
Change in Net Assets	\$ 4,076,540	\$ (380,011)
Adjustments to Reconcile Change in Net Assets		
<b>To Net Cash Provided by Operating Activities:</b>		
Depreciation and Amortization	1,450,445	1,403,622
Payroll Protection Program Loan Liability Forgiveness	(1,923,000)	
<b>Changes in Operating Assets and Liabilities:</b>		
(Increase) Decrease in:		
Receivables	(1,029,270)	(626,148)
Prepaid Expenses	(11,670)	(71,320)
Increase (Decrease) in:		
Accounts Payable	70,865	(56,175)
Accrued Expenses	158,565	(68,589)
Deferred Revenue	6,578	(114,304)
	<b>\$ 2,799,053</b>	<b>\$ 87,075</b>
<b>Supplemental Schedule of Cash Flow Information:</b>		
Cash Paid for Interest	<b>\$ 1,663,510</b>	<b>\$ 1,685,568</b>

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 1 - Organization and Summary of Significant Accounting Policies**

Organization

The mission of Tapestry Charter School (the School) is to educate and inspire a diverse community of K-12 learners by engaging them in rigorous real-world learning experiences which prioritize intellectual, social and emotional growth. The School provides an environment where students are encouraged to become self-directed, independent learners. Progressive, interdisciplinary teaching techniques are utilized along with the best resources available to fit the individual learning style of each student. Parent involvement is a significant component in the success of the School. The School enrolls students from families of diverse cultural, racial and socio-economic backgrounds.

The School received a provisional charter on April 24, 2001 from the Education Department of the State of New York. This charter has been renewed and extended through April 24, 2026 in accordance with the provisions of Article 5b of the Education Law.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958-205-45. Under ASC Topic 958-205-45, the School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for any purpose in performing the primary objectives of the School. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School 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.

Use of Estimates

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 purposes of the statements of cash flows, the School considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The School complies with a requirement to hold no less than \$75,000 in an escrow account to pay legal and audit expenses that would be associated with dissolution should it occur. This is included as other assets on the statement of financial position as of June 30, 2021 and 2020.

Receivables

Receivables relate primarily to contractual amounts due in the ordinary course of business and are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. There was no valuation allowance at June 30, 2021 and 2020. Balances that are still outstanding after management has used reasonable collection efforts are written off. Balances as of June 30, 2021 and 2020 include amounts withheld by the Buffalo School District for disputed rates of special education services provided by the Organization from 2008 through 2018 (Note 11).

**TAPESTRY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 1 - Organization and Summary of Significant Accounting Policies, Continued**

Long-Lived Assets

The School reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. At June 30, 2021, no impairment in value has been recognized.

Property and Equipment

Property and equipment are stated at cost, except for donated property and equipment, which is stated at the estimated fair market value at date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation of property and equipment is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Upon disposal of property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. Estimated service lives are as follows:

Land improvements	10 – 15 years
Buildings and improvements	5 – 30 years
Equipment	3 – 7 years
Vehicles	5 years

Revenue Recognition

The School has contracts with various governmental and non-profit agencies which include various combinations of services that are generally capable of being distinct and accounted for as separate performance obligations. Contracts often include multiple services. Determining whether services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Revenue from local school districts is recognized at the beginning of the fiscal year, with the amount of revenue billed based on the tuition rate in accordance with the school district's location, and the number of students from that district that enrolled in the School.

The School recognizes their revenue from contracts using the following five-step process: 1) Identify the contract(s) with a funder, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue as the School satisfies a performance obligation. The majority of the School's revenue is recognized at a point in time based on recognition of the monetary award specified in the School's grant agreements. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the School's contracts do not contain variable consideration and contract modifications are generally minimal.

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the School. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grant awards are classified as refundable advances until expended for the purposes of the grant since they are conditional promises to give.

Functional Allocation of Expenses

The costs of various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include salaries and benefits, which are allocated based on estimates of time and effort, and depreciation, interest, repairs and maintenance which are allocated based on management's estimate of program benefit.

Advertising

The School follows the policy of charging the costs of advertising to expense as incurred. Advertising and promotional expense for the years ending June 30, 2021 and 2020 was \$19,702 and \$17,531, respectively.

**TAPESTRY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 1 – Organization and Summary of Significant Accounting Policies, Continued**

Income Taxes

The School is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as "other than a private foundation". Therefore, no provision for income taxes is reflected in the financial statements.

Subsequent Events

The School has evaluated events and transactions after June 30, 2021, and through November 1, 2021, which is the date the financial statements were available to be issued.

**Note 2 - Property and Equipment**

Property and equipment at June 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Land and Improvements	\$ 1,513,386	\$ 1,513,386
Building	30,873,281	30,873,281
Building Improvements	2,047,409	1,994,987
Office Equipment	401,192	401,192
Instructional Equipment	1,845,195	1,593,462
Kitchen Equipment	178,551	174,729
Library Equipment	74,356	74,356
Maintenance Equipment	30,733	29,357
Vehicles	45,951	62,700
Construction in Progress	16,300	-
	<u>37,026,354</u>	<u>36,717,450</u>
Less: Accumulated Depreciation	(9,615,782)	(8,246,860)
	<u><b>\$ 27,410,572</b></u>	<u><b>\$ 28,470,590</b></u>

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to \$1,385,673 and \$1,340,125, respectively. A vehicle that was fully depreciated was disposed of in the amount of \$16,750 during the year ended June 30, 2021.

**Note 3 - Investments Held in Trust**

The following accounts are held by a trustee in compliance with the issuance of 2017 Series bonds:

	<u>2021</u>	<u>2020</u>
Debt Service Reserve Fund - Series A	\$ 1,968,784	\$ 1,968,784
Debt Service Reserve Fund - Series B	120,487	120,487
Capitalized Interest Fund	6,375	6,374
Other Bond funds	2,181,654	1,889,798
	<u><b>\$ 4,277,300</b></u>	<u><b>\$ 3,985,443</b></u>

**TAPESTRY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 3 - Investments Held in Trust (Continued)**

FASB ASC 820, Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). All of the Organization's investments are classified as level 1 measurements at June 30, 2021 and 2020.

**Note 4 - Paycheck Protection Program Loan**

On April 30, 2020, the School entered into a Promissory Note with Evans Bank in an aggregate principal amount of \$1,923,000 (the "Note"), pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

The Note is unsecured, bears interest at 1%, and is payable over a negotiable period of time.

Under the terms of the CARES Act, recipients of the PPP loan can apply for and be granted forgiveness for all or a portion of the loans granted under the PPP. The Note is subject to forgiveness to the extent the proceeds are used for payroll costs and payments on mortgage interest, rent, utilities, and interest on other debt obligations. In May of 2021, the School received forgiveness from the Small Business Administration of the full loan proceeds.

**Note 5 - Bonds Payable**

Long-term bonds payable as of June 30, 2021 and 2020 are summarized as follows:

	<b>2021</b>	<b>2020</b>
Buffalo and Erie County Industrial Land Development Corporation tax exempt revenue bonds (Tapestry Charter School Project) Series 2017A, with principal payment ranging from \$300,000 to \$595,000 plus interest at 3.875%, final payment due August 2027	\$ 2,545,000	\$ 2,545,000
Buffalo and Erie County Industrial Land Development Corporation tax exempt revenue bonds (Tapestry Charter School Project) Series 2017A, with principal payment ranging from \$615,000 to \$995,000 plus interest at 5.000%, final payment due August 2037	7,745,000	7,745,000
Buffalo and Erie County Industrial Land Development Corporation tax exempt revenue bonds (Tapestry Charter School Project) Series 2017A, with principal payment ranging from \$1,005,000 to \$1,555,000 plus interest at 5.000%, final payment due August 2047	12,620,000	12,620,000
Buffalo and Erie County Industrial Land Development Corporation tax exempt revenue bonds (Tapestry Charter School Project) Series 2017A, with principal payment ranging from \$1,635,000 to \$1,985,000 plus interest at 5.000%, final payment due August 2052	9,035,000	9,035,000

**TAPESTRY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 5 - Bonds Payable, Continued**

	<b>2021</b>	<b>2020</b>
Buffalo and Erie County Industrial Land Development Corporation taxable revenue bonds (Tapestry Charter School Project) Series 2017B, with principal payment ranging from \$205,000 to \$475,000 plus interest at 6.000%, final payment due August 2023	1,130,000	1,555,000
	33,075,000	33,500,000
Unamortized Bond Premium - Bond Issuance Price Above Par Value	842,187	892,623
Less: Unamortized Bond Issuance Costs	(1,079,932)	(1,144,705)
Net Bonds Payable	32,837,255	33,247,918
Less: Current Maturities	(450,000)	(425,000)
<b>Bonds Payable, Net of Current Maturities</b>	<b>\$ 32,387,255</b>	<b>\$ 32,822,918</b>

In August 2017, the School entered into a loan agreement with the Buffalo and Erie County Industrial Land Development Corporation (ILDC), principally to finance the cost of building a new school building for grades kindergarten through grade 5 and to re-finance existing bank debt. To finance the project, ILDC authorized the sale of tax-exempt revenue bonds in the aggregate principal amount of \$31,945,000 and taxable revenue bonds in the aggregate principal amount of \$1,955,000 under a trust indenture with a bank as trustee. The sale is secured by a mortgage and security agreement granting a first lien on and security interest in the facility and the other mortgaged property.

Debt issuance costs are amortized as interest expense over the remaining term of the bonds. Amortization of debt issuance costs for the years ended June 30, 2021 and 2020 was \$64,773 and \$63,497, respectively.

Aggregate maturities of net long-term bonds payable subsequent to June 30, 2021 are:

	<b>Principal</b>	<b>Unamortized bond premium</b>	<b>Unamortized bond issuance costs</b>
2022	\$ 450,000	\$ 50,436	\$ 62,892
2023	475,000	50,436	62,892
2024	505,000	50,436	62,892
2025	530,000	50,436	62,892
2026	550,000	50,436	62,892
Thereafter	30,565,000	590,007	765,472
	<b>\$ 33,075,000</b>	<b>\$ 842,187</b>	<b>\$ 1,079,932</b>

**TAPESTRY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 6 - Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30, 2021 and 2020 are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
<b>Subject to Expenditure for a Specific Purpose:</b>		
Scholarships	\$ 6,737	\$ 5,013
Capital campaign	10,068	9,068
Staff development	21,350	70,335
Other purposes	6,403	66,873
	<u>\$ 44,558</u>	<u>\$ 151,289</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors as follows:

	<u>2021</u>	<u>2020</u>
<b>Purpose Restrictions Accomplished:</b>		
Educational and arts programs	74,708	89,889
Staff development	90,835	34,698
	<u>\$ 165,543</u>	<u>\$ 124,587</u>

**Note 7 - Public School District Revenue**

The School receives public school district funds for regular student enrollment. The rate per student is mandated by the State of New York Education Department. The rate paid by the Buffalo school district was \$13,200 and \$13,350 per student for the years ended June 30, 2021 and 2020, respectively. The School had 1,077 and 977 enrolled students at June 30, 2021 and 2020, respectively, with the majority of students coming from the Buffalo school district. Total public school district revenue amounted to \$15,119,170 and \$13,914,423 for the years ended June 30, 2021 and 2020, respectively.

**Note 8 - Retirement Plan**

The School participates in the New York State Teachers' Retirement System (TRS), a cost sharing multiple employer, defined benefit pension plan. TRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability. TRS is administered by the New York State Teachers' Retirement Board and provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report can be found on the TRS website at [www.nystrs.org/library/publications/annual-reports.htm](http://www.nystrs.org/library/publications/annual-reports.htm).

TRS requires employee contributions of 3% of their annual salary for the first 10 years of service for those employees who joined the Plan between July 1976 and December 2009. Participants hired after January 1, 2010 are required to contribute 3.5% of their annual salary throughout their active membership in TRS. No employee contribution is required for those hired prior to July 1976. Pursuant to Article 11 of the Education Law, an actuarially determined contribution rate is established annually by the New York State Teachers' Retirement Board. The rate for the years ended June 30, 2021 and 2020 is 9.53% and 8.86% of the annual covered payroll, respectively. The School's required contribution was \$678,970 and \$631,418 for the years ended June 30, 2021 and 2020, respectively.

**TAPESTRY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 9 - Liquidity and Availability of Resources**

The School's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 8,295,973	6,589,863
Accounts Receivable	1,937,214	907,944
Investments	4,277,300	3,985,443
Total Financial Assets Available	<u>14,510,487</u>	<u>11,483,250</u>
Less: Amounts Unavailable for General Expenditures		
Within One Year Due to:		
Restricted by Donors with Purpose Restrictions	44,558	151,289
Restricted Cash Reserve	75,000	75,000
Investments Held in Trust	4,277,300	3,985,443
Total Amounts Unavailable for General Expenditures Within One Year	<u>4,396,858</u>	<u>4,211,732</u>
<b>Total Financial Assets Available to Management For General Expenditures Within One Year</b>	<b><u>\$ 10,113,629</u></b>	<b><u>\$ 7,271,518</u></b>

As part of the School's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

**Note 10 - Concentration of Credit Risk**

The School maintains its cash balances at financial institutions within the Buffalo, New York area, which at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per institution. As of June 30, 2021, the maximum loss that would have resulted from that risk totaled \$7,836,871. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**Note 11 - Contingency**

A disputed rate issue for special education services has resulted in a retroactive recoupment of state aid paid by the Buffalo School District. The rate issue resulted in a receivable that management believes is fully collectible.

**Note 12 – Subsequent Event**

Subsequent to June 30, 2021, local, U.S., and world governments have continued to encourage self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. In addition, global markets have seen significant declines. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the School, there is a reasonable possibility that the impact on the School's financial position and results of future operations could be material.

**TAPESTRY CHARTER SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/ Program Title</b>	<b>CFDA Number</b>	<b>Grantor Number</b>	<b>Expenditures</b>
U.S. Department of Education			
Passed through New York State Education Department:			
TITLE I-PT A - Improving Academic Achievement of the Financially Disadvantaged	84.010A	0021204045	\$ 352,820
TITLE IIA - Teacher and Principal Training and Recruitment Fund Program	84.367A	0147204045	38,436
TITLE IV - Student Support and Academic Enrichment	84.424A	0204204045	27,378
CSP Response to COVID	84.282A		49,950
ESSER #1 Cares Act	84.425D	5890214045	226,799
ESSER #2 CRRSA Cares Act	84.425D	5891214045	1,158,211
Total U.S. Department of Education			<u>1,853,594</u>
U.S. Department of Agriculture			
Passed through New York State Education Department:			
Child Nutrition Cluster:			
National School Lunch Program	10.553	N/A	455,026
Total Child Nutrition Cluster			<u>455,026</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,308,620</u></b>

**TAPESTRY CHARTER SCHOOL**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tapestry Charter School 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 Part 200, Uniform Administrative Requirements, Costs Principles and Audit Requirements of 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.



**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***

To the Board of Directors  
Tapestry Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Tapestry Charter School (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, and have issued our report thereon dated November 1, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tapestry Charter 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 Tapestry Charter 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 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 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.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tapestry Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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 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.

*Allied CPAs, P.C.*

Tonawanda, New York  
November 1, 2021



## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors  
Tapestry Charter School

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

We have audited Tapestry Charter School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tapestry Charter School's major federal programs for the year ended June 30, 2021. Tapestry Charter School's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Tapestry Charter 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, Costs Principles and Audit Requirements of 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 Tapestry Charter 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 Tapestry Charter School's compliance.

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

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

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

Management of Tapestry Charter 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 Tapestry Charter 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 Tapestry Charter School's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tapestry Charter 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 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.

*Allied CPAs, P.C.*

Tonawanda, New York  
November 1, 2021

**Tapestry Charter School  
Schedule of Prior Year Findings and  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021**

**A. Status of Prior Year Findings**

N/A

**B. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Tapestry Charter School.
2. No significant deficiencies in internal controls over financial reporting were disclosed during the audit of the financial statements and reported in the 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*.
3. No instances of noncompliance material to the financial statements of Tapestry Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No deficiencies in internal control over major federal award programs were disclosed during the audit and reported in the Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Tapestry Charter School expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this schedule.
7. Programs tested as major programs include:
  - U.S. Department of Education Title I – CFDA Number 84.010A
  - U.S. Department of Education Title IIA – CFDA Number 84.367A
  - U.S. Department of Education Title IV – CFDA Number 84.424A
  - U.S. Department of Education ESSER #1 Cares Act – CFDA Number 84.425D
  - U.S. Department of Education ESSER #2 CRRSA Cares Act – CFDA Number 84.425D
8. The threshold for distinguishing Type A and B programs were \$750,000.
9. Tapestry Charter School was audited as a low-risk auditee.

**C. Findings - Financial Statements Audit**

None.

**D. Findings and Questioned Costs - Major Federal Award Programs Audit**

None.