

BRONX CHARTER SCHOOL FOR BETTER LEARNING

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2024

(With Comparative Totals for 2023)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bronx Charter School for Better Learning

Report on the Financial Statements

Opinion

We have audited the financial statements of Bronx Charter School for Better Learning, which comprise the statement of financial position as of June 30, 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bronx Charter School for Better Learning as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bronx Charter School for Better Learning and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the system of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bronx Charter School for Better Learning's system of internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bronx Charter School for Better Learning's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Bronx Charter School for Better Learning's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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 November 15, 2024 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
November 15, 2024

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(With Comparative Totals for 2023)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 11,640,184	\$ 10,373,010
Certificates of deposit	1,040,073	1,013,200
Accounts receivable, net of allowance of \$623,124 and \$493,001 at June 30, 2024 and 2023, respectively	265,504	28,333
Grants and contracts receivables	3,181,046	1,825,898
Prepaid expenses and other current assets	81,571	97,509
TOTAL CURRENT ASSETS	<u>16,208,378</u>	<u>13,337,950</u>
<u>PROPERTY AND EQUIPMENT, net</u>	785,931	591,945
<u>OTHER ASSETS</u>		
Right-of-use assets - operating	-	4,014
Right-of-use assets - finance	413,689	531,886
Escrow account	159,279	158,010
	<u>572,968</u>	<u>693,910</u>
TOTAL ASSETS	<u>\$ 17,567,277</u>	<u>\$ 14,623,805</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 523,514	\$ 221,522
Accrued payroll and benefits	1,577,305	1,534,712
Deferred revenue	31,312	11,593
Current portion of lease liabilities - operating	-	3,432
Current portion of lease liabilities - finance	140,998	135,560
TOTAL CURRENT LIABILITIES	<u>2,273,129</u>	<u>1,906,819</u>
<u>OTHER LIABILITIES</u>		
Long-term lease liabilities - operating	-	582
Long-term lease liabilities - finance	377,742	518,739
	<u>377,742</u>	<u>519,321</u>
TOTAL LIABILITIES	2,650,871	2,426,140
<u>NET ASSETS</u>		
Without donor restrictions	14,886,536	12,167,445
With donor restrictions	29,870	30,220
TOTAL NET ASSETS	<u>14,916,406</u>	<u>12,197,665</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,567,277</u>	<u>\$ 14,623,805</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, 2024
 (With Comparative Totals for 2023)

	Year ended June 30,			
	2024		2023	
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains, and other support:				
Public school district				
Resident student enrollment	\$ 17,837,118	\$ -	\$ 17,837,118	\$ 17,144,331
Students with disabilities	1,054,078	-	1,054,078	1,192,968
Grants and contracts				
State and local	183,996	-	183,996	183,996
Federal - Title and IDEA	702,299	-	702,299	706,241
Federal - other	2,429,176	-	2,429,176	1,022,482
Contributed rent	5,351,135	-	5,351,135	5,143,299
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>27,557,802</u>	<u>-</u>	<u>27,557,802</u>	<u>25,393,317</u>
Expenses:				
Program services:				
Regular education	19,683,450	-	19,683,450	18,540,110
Special education	3,395,146	-	3,395,146	3,698,140
Total program services	23,078,596	-	23,078,596	22,238,250
Management and general	1,816,224	-	1,816,224	1,823,388
Fundraising and special events	481,707	-	481,707	615,776
TOTAL OPERATING EXPENSES	<u>25,376,527</u>	<u>-</u>	<u>25,376,527</u>	<u>24,677,414</u>
SURPLUS FROM SCHOOL OPERATIONS	2,181,275	-	2,181,275	715,903
Support and other revenue:				
Contributions				
Foundations	1,207	-	1,207	186,881
Individuals	28,722	-	28,722	51,560
Special events	-	-	-	91,091
Interest income	506,822	-	506,822	10,900
Net assets released from restriction	350	(350)	-	-
Miscellaneous income	715	-	715	143
TOTAL SUPPORT AND OTHER REVENUE	<u>537,816</u>	<u>(350)</u>	<u>537,466</u>	<u>340,575</u>
CHANGE IN NET ASSETS	2,719,091	(350)	2,718,741	1,056,478
Net assets at beginning of year	12,167,445	30,220	12,197,665	11,141,187
NET ASSETS AT END OF YEAR	<u>\$ 14,886,536</u>	<u>\$ 29,870</u>	<u>\$ 14,916,406</u>	<u>\$ 12,197,665</u>

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, 2024
 (With Comparative Totals for 2023)

	Year ended June 30,								
	2024							2023	
	No. of Positions	Program Services			Supporting Services			Total	Total
Regular Education		Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total			
Personnel services costs:									
Administrative staff personnel	14	\$ 107,604	\$ 42,527	\$ 150,131	\$ 592,299	\$ 270,679	\$ 862,978	\$ 1,013,109	\$ 1,018,951
Instructional personnel	138	8,291,391	1,522,272	9,813,663	-	-	-	9,813,663	9,736,052
Non-instructional personnel	23	2,119,406	257,229	2,376,635	251,205	18,820	270,025	2,646,660	2,235,602
Total personnel services costs	175	10,518,401	1,822,028	12,340,429	843,504	289,499	1,133,003	13,473,432	12,990,605
Fringe benefits and payroll taxes		2,555,789	442,023	2,997,812	205,620	71,250	276,870	3,274,682	3,157,817
Retirement		237,382	41,441	278,823	18,733	6,118	24,851	303,674	275,310
Legal service		-	-	-	19,576	-	19,576	19,576	39,156
Accounting / audit services		-	-	-	52,000	-	52,000	52,000	47,100
Other purchased / professional / consulting services		341,613	44,233	385,846	83,537	4,066	87,603	473,449	382,883
In-kind rent		4,206,370	758,227	4,964,597	309,245	77,293	386,538	5,351,135	5,143,299
Repairs and maintenance		130,541	22,437	152,978	10,634	3,820	14,454	167,432	217,437
Insurance		107,710	18,886	126,596	8,421	2,668	11,089	137,685	133,658
Utilities		124,534	21,818	146,352	9,753	3,107	12,860	159,212	152,685
Supplies and materials		213,878	26,642	240,520	6,639	2,188	8,827	249,347	207,925
Non-capitalized equipment/furnishings		6,022	1,071	7,093	456	130	586	7,679	12,430
Staff development		181,377	31,731	213,108	14,249	4,586	18,835	231,943	125,748
Marketing and recruitment		27,203	3,189	30,392	24,253	344	24,597	54,989	65,954
Technology		70,442	11,514	81,956	4,696	1,174	5,870	87,826	70,257
Food service		17,782	3,083	20,865	1,423	486	1,909	22,774	30,252
Student services		248,967	23,153	272,120	-	-	-	272,120	219,797
Office expense		213,912	37,107	251,019	17,105	5,820	22,925	273,944	237,885
Depreciation and amortization		423,763	76,387	500,150	31,155	7,787	38,942	539,092	424,994
Special events		-	-	-	-	-	-	-	92,938
Interest		17,945	3,235	21,180	1,319	330	1,649	22,829	11,254
Credit loss expense		-	-	-	150,123	-	150,123	150,123	570,133
Other		39,819	6,941	46,760	3,783	1,041	4,824	51,584	67,897
		<u>\$ 19,683,450</u>	<u>\$ 3,395,146</u>	<u>\$ 23,078,596</u>	<u>\$ 1,816,224</u>	<u>\$ 481,707</u>	<u>\$ 2,297,931</u>	<u>\$ 25,376,527</u>	<u>\$ 24,677,414</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, 2024
(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,718,741	\$ 1,056,478
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	539,092	424,994
Interest expense on finance lease	22,829	11,254
Credit loss expense	150,123	570,133
Changes in certain assets and liabilities affecting operations:		
Accounts receivable	(237,171)	(153,369)
Grants and contracts receivables	(1,505,271)	(628,182)
Prepaid expenses and other current assets	15,938	(31,425)
Accounts payable and accrued expenses	301,992	(110,712)
Accrued payroll and benefits	42,593	23,561
Deferred revenue	19,719	(5,000)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	2,068,585	1,157,732
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(614,881)	(254,060)
Proceeds from maturity of certificates of deposit	1,013,200	409,657
Purchases of certificates of deposit	(1,040,073)	-
NET CASH (USED FOR) PROVIDED FROM INVESTING ACTIVITIES	(641,754)	155,597
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Proceeds from lease buyout	-	131,255
Repayments on finance lease	(158,388)	(79,194)
NET CASH (USED FOR) PROVIDED FROM INVESTING ACTIVITIES	(158,388)	52,061
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,268,443	1,365,390
Cash, cash equivalents, and restricted cash at beginning of year	10,531,020	9,165,630
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 11,799,463</u>	<u>\$ 10,531,020</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</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	\$ 11,640,184	\$ 10,373,010
Cash in escrow	<u>159,279</u>	<u>158,010</u>
	<u>\$ 11,799,463</u>	<u>\$ 10,531,020</u>
Cash paid during the year for interest	<u>\$ 22,829</u>	<u>\$ 11,254</u>
<u>NON-CASH OPERATING ACTIVITIES</u>		
Contributed rent	<u>\$ 5,351,135</u>	<u>\$ 5,143,299</u>
<u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Right-of-use assets obtained in exchange for finance lease liabilities	<u>\$ -</u>	<u>\$ 577,785</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, 2024
(With Comparative Totals for 2023)

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 31, 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.

On March 15, 2023, the Board of Regents of the University of the State of New York approved the alignment of the charter renewal cycles of BBL I and BBL II and granted a renewal of each charter with the ability to operate through July 31, 2028.

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.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

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

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 \$29,870 and \$30,220 at June 30, 2024 or 2023, respectively.

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 \$184,000 of funding was received during the years ending June 30, 2024 and 2023 and is included in the state and local grants line on the accompanying statement of activities and changes in net assets.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

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

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.

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>2024</u>	<u>2023</u>	<u>2022</u>
Accounts receivable, net	\$ 265,504	\$ 28,333	\$ 367,965

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 \$31,000 and \$12,000 was deferred at June 30, 2024 and 2023, 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.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

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

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 grant revenue deferred at June 30, 2024 and 2023, respectively. The Charter School received cost-reimbursement grants of approximately \$973,000 that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred.

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 receivable, grants and other receivables and allowance for credit losses

At each fiscal year end, the Charter School evaluates the need for an expected allowance for credit losses for all outstanding balances that fall under ASU 2014-09. As necessary, the allowance for credit losses is updated at fiscal year-end to reflect any changes in credit risk since the receivable was initially recorded. The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist.

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources. From time to time, the Charter School establishes an additional allowance for credit losses for financial asset balances with specific districts where collectability has been determined to be improbable based on specific facts and circumstances. Such allowances are established as deemed necessary in the period such determination is made. The Charter School's allowance for credit losses was \$493,001 at June 30, 2024 and 2023.

The Charter School writes off receivables when there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. There were write-offs of \$150,123 and \$570,133 during the years ended June 30, 2024 and 2023, respectively.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

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

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, 2024 and 2023 was \$159,279 and \$158,010, 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 Charter School's current and prior three years tax returns remain 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.

In-kind donations

Gifts and donations other than cash are recorded at fair value at the date of contribution.

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.

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$55,000 and \$66,000 for the years ended June 30, 2024 and 2023, respectively.

Comparatives for year ended June 30, 2023

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, 2023, from which the summarized information was derived.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

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

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.

Leases

The Charter School leases office equipment and determines if the arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current liabilities, and other liabilities on the accompanying statement of financial position. Finance leases are included in finance lease right-of-use assets, current liabilities and other liabilities on the accompanying statement of financial position.

ROU assets represent the Charter School's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the leases do not provide an implicit rate, the Charter School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Charter School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term, and for finance leases, as amortization and interest expense.

The Charter School's lease agreements do not contain any material residual value guarantees or restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Charter School considers factors such as if the Charter School has obtained substantially all of the rights to the underlying asset through exclusivity, if the Charter School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Adoption of new accounting standard – current expected credit losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Charter School that are subject to the guidance in FASB ASC 326 were receivables.

The Charter School adopted the standard effective July 1, 2023. The impact of adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

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

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through November 15, 2024, 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 and cash equivalent 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 2024 and 2023.

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:

	June 30,	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 11,640,184	\$ 10,373,010
Certificates of deposit	1,040,073	1,013,200
Accounts receivable	265,504	28,333
Grants and other receivables	<u>3,181,046</u>	<u>1,825,898</u>
Total financial assets available within one year	16,126,807	13,240,441
Less:		
Amounts unavailable for general expenditures		
within one year, due to:		
Restricted by donors with purpose restrictions	<u>(29,870)</u>	<u>(30,220)</u>
Total amounts unavailable for general		
expenditures within one year	<u>(29,870)</u>	<u>(30,220)</u>
Total financial assets available to management		
for general expenditures within one year	<u>\$ 16,096,937</u>	<u>\$ 13,210,221</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

NOTE C: SCHOOL FACILITY

The Charter School has an agreement with the New York City Department of Education for dedicated and shared space of approximately 33,000 square feet at no charge at P.S. 111 Annex, a New York City Public School located at 3740 Baychester Avenue, Bronx, New York. In valuing the contributed space in the school building, the Charter School estimated the fair value of \$2,939,850 and \$2,893,293 for the years ended June 30, 2024 and 2023, respectively, on the basis of financial information provided to the Charter School under the New York City Rental Assistance Program. There were no associated donor restrictions with the contributed facility.

The Charter School has an agreement with the New York City Department of Education for dedicated and shared space of approximately 21,000 square feet at no charge at MS 144, a New York City Public School located at 2545 Gunther Avenue, Bronx, New York. In valuing the contributed space in the school building, the Charter School estimated the fair value of \$2,411,285 and \$2,250,006 for the years ended June 30, 2024 and 2023, respectively, on the basis of financial information provided to the Charter School under the New York City Rental Assistance Program. There were no associated donor restrictions with the contributed facility.

See the table below for program utilization:

<u>Program or Supporting Service</u>	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Regular education	\$ 4,206,370	\$ 3,847,897
Special education	758,227	796,116
Management and general	309,245	388,920
Fundraising and special events	77,293	110,366
	<u>\$ 5,351,135</u>	<u>\$ 5,143,299</u>

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 846,953	\$ 838,756
Computer equipment	3,288,327	2,681,643
	4,135,280	3,520,399
Less accumulated depreciation	3,349,349	2,928,454
	<u>\$ 785,931</u>	<u>\$ 591,945</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

NOTE E: LEASES

The Charter School leases office equipment under certain non-cancelable operating lease agreements expiring through August 2024. As of June 30, 2023, monthly payments on the operating leases approximate \$300 per month. Operating lease expense was approximately \$4,000 and \$110,000 for the years ended June 30, 2024 and 2023.

During the year ended June 30, 2023, the Charter School began leasing additional office equipment which is classified as a finance lease. The finance lease calls for monthly payments of \$13,199 per month through December 2027.

A summary of lease right-of-use assets and liabilities are as follows:

	<u>Statement of Financial</u>	<u>June 30,</u>	
	<u>Position Classification</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Operating Leases	Other assets	\$ -	\$ 4,014
Finance Leases	Other assets	413,689	531,886
		<u>\$ 413,689</u>	<u>\$ 535,900</u>
<u>Liabilities</u>			
Current:			
Operating Leases	Current liabilities	\$ -	\$ 3,432
Finance Leases	Current liabilities	140,998	135,560
		140,998	138,992
Non-current:			
Operating Leases	Other liabilities	-	582
Finance Leases	Other liabilities	377,742	518,739
		377,742	519,321
		<u>\$ 518,740</u>	<u>\$ 658,313</u>

The components of lease expense are as follows:

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 118,197	\$ 59,098
Interest on lease liabilities	22,829	11,254
	Total finance lease costs	70,352
Operating lease cost	-	109,611
	Total lease cost	<u>\$ 179,963</u>
		<u>\$ 141,026</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

NOTE E: LEASES, Cont'd

As of June 30, 2024, minimum payments due for lease liabilities for future years are as follows:

<u>Year ending June 30,</u>	<u>Finance leases</u>
2025	\$ 158,388
2026	158,388
2027	158,388
2028	<u>79,194</u>
Total lease payments	554,358
Less: interest	<u>(35,618)</u>
Present value of lease liabilities	<u>\$ 518,740</u>

Supplemental information:

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 23,272	\$ 9,113
Financing cash flows for finance leases	\$ 135,116	\$ (74,373)
Operating cash flows for operating leases	\$ -	\$ 109,611
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Operating leases	\$ -	\$ -
Finance leases	\$ -	\$ 577,785
Weighted-average remaining lease term:		
Operating leases	-	1.17 years
Finance leases	3.50 years	4.50 years
Weighted-average discount rate:		
Operating leases	-	2.88%
Finance leases	3.94%	3.94%

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

NOTE F: 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, 2024 and 2023, the Charter School contributed approximately \$304,000 and \$275,000, respectively, to the Plan.

NOTE G: 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 H: CONCENTRATIONS

At June 30, 2024 and 2023, accounts receivable and grants and contracts receivables are comprised of the following:

	June 30,	
	<u>2024</u>	<u>2023</u>
Federal Government	92%	97%

During the years ended June 30, 2024 and 2023, approximately 69% and 72% 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 I: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2024</u>	<u>2023</u>
Undesignated	\$ 14,100,605	\$ 11,575,500
Invested in property and equipment	<u>785,931</u>	<u>591,945</u>
	<u>\$ 14,886,536</u>	<u>\$ 12,167,445</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

NOTE I: NET ASSETS, Cont'd

Net assets with donor restrictions consisted of the following:

	June 30,	
	<u>2024</u>	<u>2023</u>
Scholarship fund	\$ 29,870	\$ 30,220

NOTE J: 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 K: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

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 \$2,385,100 and \$963,000 of revenue relative to ESSER grants during the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024, the Charter School has approximately \$973,000 of ESSER grants available for expenditure through September 30, 2024.

NOTE L: ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses at June 30, 2024 is as follows:

Beginning balance	\$ 493,001
Provision for expected credit losses	150,123
Write-offs	<u>(20,000)</u>
Ending balance	<u>\$ 623,124</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

OTHER FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

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, 2024, and have issued our report thereon dated November 15, 2024, 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, 2024, as a whole.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
November 15, 2024

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2024

	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	\$ 9,799,500	\$ 8,037,618	\$ -	\$ 17,837,118
Students with disabilities	678,231	375,847	-	1,054,078
Grants and contracts				
State and local	183,996	-	-	183,996
Federal - Title and IDEA	386,867	315,432	-	702,299
Federal - other	1,209,559	1,219,617	-	2,429,176
Contributed rent	<u>2,939,850</u>	<u>2,411,285</u>	-	<u>5,351,135</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	15,198,003	12,359,799	-	27,557,802
Expenses:				
Program services:				
Regular education	10,977,015	8,706,435	-	19,683,450
Special education	<u>1,953,566</u>	<u>1,441,580</u>	-	<u>3,395,146</u>
Total program services	12,930,581	10,148,015	-	23,078,596
Management and general	1,042,022	774,202	-	1,816,224
Fundraising and special events	<u>195,949</u>	<u>285,758</u>	-	<u>481,707</u>
TOTAL OPERATING EXPENSES	<u>14,168,552</u>	<u>11,207,975</u>	-	<u>25,376,527</u>
SURPLUS FROM SCHOOL OPERATIONS	1,029,451	1,151,824	-	2,181,275
Support and other revenue:				
Contributions				
Foundations	1,207	-	-	1,207
Individuals	28,722	-	-	28,722
Special events	-	-	-	-
Interest income	506,822	-	-	506,822
Miscellaneous income	<u>-</u>	<u>715</u>	-	<u>715</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>536,751</u>	<u>715</u>	-	<u>537,466</u>
CHANGE IN NET ASSETS	1,566,202	1,152,539	-	2,718,741
Net assets at beginning of year	<u>6,047,247</u>	<u>6,150,418</u>	-	<u>12,197,665</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,613,449</u>	<u>\$ 7,302,957</u>	<u>\$ -</u>	<u>\$ 14,916,406</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

YEAR ENDED JUNE 30, 2024

	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	7	\$ 75,253	\$ 26,352	\$ 101,605	\$ 323,787	\$ 101,498	\$ 425,285	\$ 526,890
Instructional personnel	76	4,611,546	870,437	5,481,983	-	-	-	5,481,983
Non-instructional personnel	12	1,107,918	147,749	1,255,667	102,231	4,982	107,213	1,362,880
Total personnel services costs	95	5,794,717	1,044,538	6,839,255	426,018	106,480	532,498	7,371,753
Fringe benefits and payroll taxes		1,363,440	245,769	1,609,209	100,238	25,054	125,292	1,734,501
Retirement		151,216	27,258	178,474	11,117	2,779	13,896	192,370
Legal service		-	-	-	19,576	-	19,576	19,576
Accounting / audit services		-	-	-	33,800	-	33,800	33,800
Other purchased / professional / consulting services		191,609	26,777	218,386	75,225	1,742	76,967	295,353
In-kind rent		2,310,929	416,561	2,727,490	169,896	42,464	212,360	2,939,850
Repairs and maintenance		60,741	10,949	71,690	4,465	1,116	5,581	77,271
Insurance		73,903	13,321	87,224	5,433	1,358	6,791	94,015
Utilities		84,312	15,198	99,510	6,198	1,549	7,747	107,257
Supplies and materials		119,520	16,140	135,660	3,831	957	4,788	140,448
Non-capitalized equipment/furnishings		5,101	919	6,020	375	94	469	6,489
Staff development		119,846	21,603	141,449	8,811	2,202	11,013	152,462
Marketing and recruitment		11,621	1,163	12,784	23,468	-	23,468	36,252
Technology		63,875	11,514	75,389	4,696	1,174	5,870	81,259
Food service		9,972	1,798	11,770	733	183	916	12,686
Student services		137,480	13,761	151,241	-	-	-	151,241
Office expense		121,190	21,845	143,035	8,910	2,227	11,137	154,172
Depreciation and amortization		314,988	56,779	371,767	23,158	5,788	28,946	400,713
Interest		17,945	3,235	21,180	1,319	330	1,649	22,829
Credit loss expense		-	-	-	112,945	-	112,945	112,945
Other		24,610	4,438	29,048	1,810	452	2,262	31,310
		<u>\$ 10,977,015</u>	<u>\$ 1,953,566</u>	<u>\$ 12,930,581</u>	<u>\$ 1,042,022</u>	<u>\$ 195,949</u>	<u>\$ 1,237,971</u>	<u>\$ 14,168,552</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

YEAR ENDED JUNE 30, 2024

	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	7	\$ 32,351	\$ 16,175	\$ 48,526	\$ 268,512	\$ 169,181	\$ 437,693	\$ 486,219
Instructional personnel	62	3,679,845	651,835	4,331,680	-	-	-	4,331,680
Non-instructional personnel	11	1,011,488	109,480	1,120,968	148,974	13,838	162,812	1,283,780
Total personnel services costs	80	4,723,684	777,490	5,501,174	417,486	183,019	600,505	6,101,679
Fringe benefits and payroll taxes		1,192,349	196,254	1,388,603	105,382	46,196	151,578	1,540,181
Retirement		86,166	14,183	100,349	7,616	3,339	10,955	111,304
Accounting / audit services		-	-	-	18,200	-	18,200	18,200
Other purchased / professional / consulting services		150,004	17,456	167,460	8,312	2,324	10,636	178,096
In-kind rent		1,895,441	341,666	2,237,107	139,349	34,829	174,178	2,411,285
Repairs and maintenance		69,800	11,488	81,288	6,169	2,704	8,873	90,161
Insurance		33,807	5,565	39,372	2,988	1,310	4,298	43,670
Utilities		40,222	6,620	46,842	3,555	1,558	5,113	51,955
Supplies and materials		94,358	10,502	104,860	2,808	1,231	4,039	108,899
Non-capitalized equipment/furnishings		921	152	1,073	81	36	117	1,190
Staff development		61,531	10,128	71,659	5,438	2,384	7,822	79,481
Marketing and recruitment		15,582	2,026	17,608	785	344	1,129	18,737
Technology		6,567	-	6,567	-	-	-	6,567
Food service		7,810	1,285	9,095	690	303	993	10,088
Student services		111,487	9,392	120,879	-	-	-	120,879
Office expense		92,722	15,262	107,984	8,195	3,593	11,788	119,772
Depreciation and amortization		108,775	19,608	128,383	7,997	1,999	9,996	138,379
Credit loss expense		-	-	-	37,178	-	37,178	37,178
Other		15,209	2,503	17,712	1,973	589	2,562	20,274
		<u>\$ 8,706,435</u>	<u>\$ 1,441,580</u>	<u>\$10,148,015</u>	<u>\$ 774,202</u>	<u>\$ 285,758</u>	<u>\$ 1,059,960</u>	<u>\$11,207,975</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

REPORT TO THE FINANCE COMMITTEE

JUNE 30, 2024





BUSINESS
ADVISORS
AND CPAS

November 15, 2024

Finance Committee
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, 2024, and have issued our report thereon dated November 15, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 11, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Bronx Charter School for Better Learning solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to management.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Director of Finance who reviews the financial statements prior to issuance and accepts responsibility for them.

Significant Risks Identified

We have identified the following significant risks:

- Management override
- Revenue recognition
- Improper allocation of expenses to grants
- Misappropriation of assets
- Functional expense allocation

Professional auditing standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Bronx Charter School for Better Learning is included in Note A to the financial statements. As described in Note A to the financial statements, during the year, the Charter School adopted new guidance regarding current expected credit losses (ASC 326). No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allocations of operating expenses to program expenses and management and general expenses and the collectability of grants and other receivables. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Bronx Charter School for Better Learning's financial statements relate to revenue and support recognition and lease commitments, which is referred to in the notes of the financial statements.

Significant Difficulties Encountered during the Audit

Although we ultimately received full cooperation of management and believe that we were given direct and unrestricted access to Bronx Charter School for Better Learning's officers and senior management, we experienced significant difficulties in the performance of the audit owing to unreasonable delays by management in the overall audit process. These unreasonable delays, such as a lack of responsiveness to audit inquiries and a general unavailability of management, significantly added to the time and related cost of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all such misstatements. In addition, none of the misstatement detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Bronx Charter School for Better Learning’s financial statements or the auditor’s report. We are pleased to report no such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Bronx Charter School for Better Learning, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Bronx Charter School for Better Learning’s auditors.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

Should you desire further information concerning these matters, Michelle Cain or Kevin Kopp will be happy to meet with you at your convenience.

This report is intended solely for the information and use of the Board of Trustees, Finance Committee, and management of Bronx Charter School for Better Learning and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR & CO. LLP

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, 2024



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
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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 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, 2024 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 November 15, 2024.

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) as a basis for designing 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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, Baw & Co. LLP

Rochester, New York
November 15, 2024



BUSINESS
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AND CPAS

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

Qualified Opinion

We have audited Bronx Charter School for Better Learning’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bronx Charter School for Better Learning’s major federal programs for the year ended June 30, 2024. Bronx Charter School for Better Learning’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Bronx Charter School for Better Learning 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, 2024.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Matter Giving Rise to Qualified Opinion on Elementary and Secondary School Emergency Relief Fund

As described in the accompanying schedule of findings and questioned costs, Bronx Charter School for Better Learning did not comply with requirements regarding Assistance Listing Numbers 84.425D ESSER II & 84.425U ARP ESSER as described in finding number 2024-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Bronx Charter School for Better Learning to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Bronx Charter School for Better Learning's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Bronx Charter School for Better Learning's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on Bronx Charter School for Better Learning's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Bronx Charter School for Better Learning's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on Schedule of Expenditures of Federal Awards Required by 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, 2024, and have issued our report thereon dated November 15, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed 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
November 15, 2024

BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

	<u>Federal AL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education:			
<u>Passed through New York State Education Department:</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 512,381
Title IIA - Improving Teacher Quality	84.367	0147	59,797
Title IV - Student Support and Academic Enrichment Program	84.424	0204	40,538
 <u>Education Stabilization Funds:</u>			
ESSER II - Elementary and Secondary School Emergency Relief Fund	84.425D	5891	390,794
ARP ESSER - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	5880	<u>1,994,330</u>
<i>Total Education Stabilization Funds</i>			<u>2,385,124</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,997,840</u>
 TOTAL ALL PROGRAMS			<u>\$ 2,997,840</u>

NOTE A: BASIS OF PRESENTATION

The above 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 minimus indirect cost rate allowed under the Uniform Guidance.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major program:

AL Number:

84.425D & 84.425U

Name of Federal Program or Cluster:

ESSER II & ARP ESSER

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

 \$750,000

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd

YEAR ENDED JUNE 30, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 2024-001

Identification of the Federal Program

U.S. Department of Education:

AL 84.425D ESSER II – Elementary and Secondary School Emergency Relief Fund & AL 84.425U ARP
ESSER – American Rescue Plan - Elementary and Secondary School Emergency Relief

Passed through New York State Education Department – as shown on the Schedule of Federal Expenditures

Compliance Requirement: Reporting

Criteria

The Charter School is required to submit an annual report to New York State Education Department - the Education Stabilization Fund Annual Reporting - to provide required information which is then utilized by NYSED to complete the U.S. Department of Education ESF – ESSER Recipient Data Collection Form. A critical component of this report is the accurate reporting of the Charter School's number of positions supported with ESSER funds and expenditures by ESSER subgrant and accounting object for the period from July 1, 2022, to June 30, 2023, and was required to be filed by February 15, 2024. In accordance with the instructions for completing the form, expenditures are defined as the reimbursement payments received by the Charter School during the reporting period.

Statement of condition and cause

During our audit, we noted the Charter School inaccurately reported expenditures on the Education Stabilization Fund Annual Reporting for the period from July 1, 2022 to June 30, 2023 as a result of reporting the expenditures during the reporting period for ESSER II under the ESSER I column. We also noted that ESSER III Set-Aside expenditures were reported, however, there were no ESSER III expenditures during the reporting period. Furthermore, the U.S. Department of Education ESF – ESSER Recipient Data Collection Form was filed late, on February 24, 2024. Management's internal controls over compliance with respect to this report did not allow management to detect and correct the error on a timely basis.

Effect

As a result, the information reported to the pass-through entity (NYSED) on the Education Stabilization Fund Annual Reporting was incorrect. This could lead to errors in the amounts ultimately reported to the U.S. Department of Education by NYSED.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd

YEAR ENDED JUNE 30, 2024

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT, Cont'd

Finding 2024-001, Cont'd

Questioned Costs

N/A

Repeat Finding

No

Recommendation

We recommend the Charter School implement procedures to ensure the reporting of expenditures is accurate in the Education Stabilization Fund Annual Reporting. This will ensure the information is shown in accordance with the instructions for the NYSED report and the related U.S. Department of Education requirements.

Management response

We agree with the finding and recommendation. We will implement procedures to ensure that future reporting of expenditures on this required report is accurate.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.



**Bronx Charter School for
Better Learning 1**
3740 Baychester Ave - Annex
Bronx, NY 10466
718.655.6660 x 1

**Bronx Charter School for
Better Learning 2**
2545 Gunther Avenue
Bronx, NY 10469
718.655.6660 x 2

bronxbetterlearning.org

Shubert Jacobs
*Executive Director
Acting Principal, BBL 1*

Anne Clarke-Raysor
Principal, BBL 2

Recommendation

It is recommended that the Charter School implement procedures to ensure the reporting of expenditures is accurate in the Education Stabilization Fund Annual Reporting. This will ensure the information is shown in accordance with the instructions for the NYSED report and the related U.S. Department of Education requirements.

Management response

We agree with the findings and recommendation. We will implement procedures to ensure that future reporting of expenditures on this required report is accurate.

Corrective Action

Nicole Tennant, Director of Finance, will establish a standardized procedure for reporting expenditures in the Education Stabilization Fund to ensure all required information is captured accurately and in compliance with the reporting guidelines.

Nicole Tennant and relevant staff members involved in the preparation of the report will undergo additional training on the specific NYSED and U.S. Department of Education reporting requirements to ensure full understanding and adherence to the guidelines.

Prior to submission, an internal review process will be instituted, where reports will be cross-checked to ensure accuracy and compliance.

Nicole Tennant will improve documentation and maintain proper records to support all expenditure entries.