

**BRONX CHARTER SCHOOL FOR EXCELLENCE**

**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

## CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	10
 <u>OTHER FINANCIAL INFORMATION</u>	
Independent Auditor's Report on Other Financial Information	25
Statement of Activities by Charter	26
Statement of Functional Expenses by Charter:	
Bronx Excellence 1	27
Bronx Excellence 2	28
Bronx Excellence 3	29
Bronx Excellence 4	30
Bronx Excellence 5	31



BUSINESS  
ADVISORS  
AND CPAS

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Bronx Charter School for Excellence

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Bronx Charter School for Excellence 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 Excellence 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 the *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 Excellence 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 Excellence'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 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 Excellence's 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 Excellence'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, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited the Bronx Charter School for Excellence's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 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 October 28, 2024 on our consideration of Bronx Charter School for Excellence's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bronx Charter School for Excellence's internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 28, 2024

BRONX CHARTER SCHOOL FOR EXCELLENCE

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	\$ 7,351,922	\$ 7,592,304
Grants and contracts receivable	9,193,802	5,346,794
Investments	21,200,467	15,328,948
Prepaid expenses	781,316	833,515
Due from related parties	73,612	47,394
TOTAL CURRENT ASSETS	<u>38,601,119</u>	<u>29,148,955</u>
<u>PROPERTY AND EQUIPMENT, net</u>	31,179,606	32,502,373
<u>OTHER ASSETS</u>		
Right-of-use assets - operating	95,380,725	99,606,295
Cash in escrow	225,000	225,000
Security deposits	741,800	741,750
	<u>96,347,525</u>	<u>100,573,045</u>
TOTAL ASSETS	<u>\$ 166,128,250</u>	<u>\$ 162,224,373</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of lease liabilities - operating	\$ 3,191,533	\$ 2,840,135
Accounts payable	526,991	866,132
Accrued expenses	198,926	61,310
Accrued payroll and benefits	5,349,004	4,776,917
Deferred revenue	7,206	7,546
Management fees due to charter management organization	1,843,197	2,000,364
TOTAL CURRENT LIABILITIES	<u>11,116,857</u>	<u>10,552,404</u>
<u>OTHER LIABILITIES</u>		
Long-term lease liabilities - operating	97,562,921	100,454,221
TOTAL LIABILITIES	<u>108,679,778</u>	<u>111,006,625</u>
<u>NET ASSETS, without donor restrictions</u>	<u>57,448,472</u>	<u>51,217,748</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 166,128,250</u>	<u>\$ 162,224,373</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 41,763,866	\$ 40,308,688
Students with disabilities	1,880,693	2,564,091
Grants and contracts:		
State and local	174,421	217,310
Federal - Title and IDEA	1,895,766	1,941,931
Federal - other	5,110,644	5,940,413
Food Service/Child Nutrition Program	1,326,320	1,405,915
NYC DoE Rental Assistance	<u>6,319,191</u>	<u>4,968,267</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	58,470,901	57,346,615
Expenses:		
Program:		
Regular education	41,901,575	41,228,884
Special education	7,889,410	8,236,446
Management and general	<u>3,672,588</u>	<u>4,418,183</u>
TOTAL OPERATING EXPENSES	<u>53,463,573</u>	<u>53,883,513</u>
SURPLUS FROM SCHOOL OPERATIONS	5,007,328	3,463,102
Support and other revenue:		
Contributions:		
Foundations	139,002	78,160
Corporations	3,619	15,209
Investment income	876,846	622,756
Gain on bond redemption	-	389,409
Miscellaneous income	<u>203,929</u>	<u>652,029</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>1,223,396</u>	<u>1,757,563</u>
CHANGE IN NET ASSETS	6,230,724	5,220,665
Net assets at beginning of year	<u>51,217,748</u>	<u>45,997,083</u>
NET ASSETS AT END OF YEAR	<u>\$ 57,448,472</u>	<u>\$ 51,217,748</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES

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

	No. of Positions	Year ended June 30,					
		2024			2023		
		Regular Education	Special Education	Sub-total	Supporting Services Management and general	Total	Total
Personnel Services Costs:							
Administrative staff personnel	47	\$ 3,425,687	\$ 1,141,899	\$ 4,567,586	\$ 1,141,899	\$ 5,709,485	\$ 5,625,323
Instructional personnel	168	13,708,719	2,160,490	15,869,209	163,083	16,032,292	15,440,265
Non-instructional personnel	19	270,979	85,171	356,150	82,313	438,463	259,330
Total salaries and wages	235	17,405,385	3,387,560	20,792,945	1,387,295	22,180,240	21,324,918
Payroll taxes and employee benefits		2,920,649	566,318	3,486,967	233,043	3,720,010	3,335,429
Retirement		384,849	74,284	459,133	29,911	489,044	606,502
Management fees		6,900,654	1,338,804	8,239,458	529,742	8,769,200	8,594,524
Legal fees		-	-	-	60,461	60,461	19,484
Audit/accounting fees		-	-	-	67,093	67,093	54,366
Professional services		2,138,268	329,090	2,467,358	313,899	2,781,257	3,154,913
Building and land rent		6,142,459	1,332,817	7,475,276	465,538	7,940,814	8,004,486
Repairs and maintenance		253,602	42,862	296,464	20,062	316,526	514,986
Insurance		-	-	-	251,528	251,528	164,663
Utilities		404,915	66,945	471,860	31,517	503,377	487,419
Curriculum and classroom supplies		1,373,478	148,587	1,522,065	-	1,522,065	1,659,897
Non-capitalized equipment and furnishings		263,145	47,038	310,183	18,983	329,166	200,480
Professional development		168,079	29,158	197,237	13,237	210,474	272,110
Student and staff recruitment		223,398	40,144	263,542	14,196	277,738	130,070
Technology		250,034	47,294	297,328	18,956	316,284	350,216
Food service		1,311,938	137,986	1,449,924	-	1,449,924	1,585,790
Student services		61,500	6,678	68,178	-	68,178	88,538
Office expenses		228,552	43,644	272,196	18,519	290,715	395,266
Interest expense		977	186	1,163	75	1,238	1,078,446
Depreciation and amortization		1,466,842	249,471	1,716,313	115,445	1,831,758	1,801,174
Other		2,851	544	3,395	83,088	86,483	59,836
		<u>\$ 41,901,575</u>	<u>\$ 7,889,410</u>	<u>\$ 49,790,985</u>	<u>\$ 3,672,588</u>	<u>\$ 53,463,573</u>	<u>\$ 53,883,513</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

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	\$ 6,230,724	\$ 5,220,665
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,831,758	1,801,174
Bond premium amortization	-	(79,851)
Amortization of bond issuance costs included in interest expense	-	68,718
Gain on bond redemption	-	(389,409)
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	(3,847,008)	(1,375,671)
Prepaid expenses	52,199	(391,025)
Due from related parties	(26,218)	2,025,492
Accounts payable	(357,605)	459,785
Accrued expenses	137,616	(296,339)
Accrued payroll and benefits	572,087	1,896,903
Deferred revenue	(340)	(490,977)
Management fees due to charter management organization	(157,167)	996,085
Operating lease liabilities, net of right-of-use assets	1,685,668	3,688,061
Deferred lease liability	-	(1,878,155)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	6,121,714	11,255,456
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(490,527)	(1,661,397)
Security deposits	(50)	(140,361)
Sales of investments	-	3,292,545
Purchases of investments	(5,871,519)	(328,948)
NET CASH (USED FOR) PROVIDED FROM INVESTING ACTIVITIES	(6,362,096)	1,161,839
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayments of bonds payable	-	(21,008,790)
Repayments of debt service fund	-	(1,540,000)
NET CASH USED FOR FINANCING ACTIVITIES	-	(22,548,790)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(240,382)	(10,131,495)
Cash and cash equivalents and restricted cash at beginning of year	7,817,304	17,948,799
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 7,576,922</u>	<u>\$ 7,817,304</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

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>		
Cash paid during the year for interest	<u>\$ 1,236</u>	<u>\$ 1,305,258</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable	<u>\$ 18,464</u>	<u>\$ -</u>
Right-of-use assets obtained in exchange for new lease liabilities	<u>\$ 348,939</u>	<u>\$ 43,852</u>
Reconciliation of cash and cash equivalents and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 7,351,922	\$ 7,592,304
Cash in escrow	<u>225,000</u>	<u>225,000</u>
	<u>\$ 7,576,922</u>	<u>\$ 7,817,304</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Bronx Charter School for Excellence (the “Charter School”) is an educational corporation operating as a charter school in the borough of the Bronx, New York. On April 29, 2003, the Board of Regents of the University of the State of New York granted Bronx Charter School for Excellence (“Bronx Excellence 1”) a provisional charter valid for a term of five years and renewable upon expiration. Bronx Excellence 1 was established to prepare young people from New York City to compete for admission to, and succeed in, top public, private and parochial schools by cultivating their intellectual, artistic, social, emotional, and ethical development. Bronx Excellence 1 offers a challenging and rigorous academic curriculum which, at the earliest of grades, has an eye towards college preparation for grades first through eighth.

On November 2, 2015, 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 2016 fiscal year, the Charter School added Bronx Charter School for Excellence 2 (“Bronx Excellence 2”) under its expanded charter. Bronx Excellence 2 was established to provide its students 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.

On March 24, 2017, the Board of Regents of the University of the State of New York amended the charter agreement permitting an additional 3 schools to be opened by the Charter School, Bronx Charter School for Excellence 3, 4, and 5. Bronx Excellence 3 opened in September 2017. Bronx Excellence 4 opened in September 2018. Bronx Excellence 5 opened in September 2019. These charter schools were established to provide its students 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.

On March 27, 2024, the Board of Regents of the University of the State of New York extended the provisional charter for a term of five years, aligning all charters through July 31, 2029.

The accompanying financial statements include the accounts of Bronx Excellence 1, Bronx Excellence 2, Bronx Excellence 3, Bronx Excellence 4 and Bronx Excellence 5 (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.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

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

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

*Net Assets Without Donor Restrictions*

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

*Net Assets With Donor Restrictions*

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2024 or 2023.

Revenue and support 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 records substantially all revenues over time as follows:

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.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

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

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

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

	<u>June 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Grants and contracts receivable	\$ 171,172	\$ 429,638	\$ 403,449

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.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position and amounted to \$7,206 and \$7,546 at June 30, 2024 and 2023, respectively. The Charter School received cost-reimbursement grants of approximately \$197,000 that have not been recognized at June 30, 2024, because qualifying expenditures have not yet been incurred.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

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

Cash and cash equivalents

Cash and cash equivalent balances are maintained at financial institutions located in the United States of America and are insured by the FDIC up to \$250,000 at each institution. The Charter School considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of money market accounts. In the normal course of business, the cash 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.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$225,000 at June 30, 2024 and 2023.

Investments

Investments consist of cash equivalents and are measured at fair value. At June 30, 2024 and 2023, the Charter School also invested into twelve and eight certificates of deposit, respectively, with maturities ranging from three to twelve months.

Investment income includes interest, recorded on an accrual basis, dividends, net realized gains and losses, and net unrealized gains and losses, resulting from the change in prevailing market value of investments. Purchase and sales of investments are recorded on a trade-date basis.

Grants and other receivables

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 since inception. There were no write-offs for years ended June 30, 2024 and 2023.

Property and equipment

Property and equipment are recorded at cost. The Charter School capitalizes all purchases of fixed assets in excess of \$5,000. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from 4 to 39 years. Prior to the bond issuance (Note G), leasehold improvements at Bronx Excellence 1 were amortized over the shorter of the estimated useful life of the asset or the remaining term of the related lease. These improvements are continuing to be amortized over the originally calculated life. All other leasehold improvements are being amortized over the shorter of the estimated useful life of the asset or the remaining term of the related lease.

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.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

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

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Leases

The Charter School leases its school facilities and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the accompanying statement of financial position. There were no finance leases at June 30, 2024 and 2023.

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 lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of 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 asset also includes any lease payments made and excludes 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.

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

Tax exempt status

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

The 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 review by taxing authorities. 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

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. In addition, the Charter School received donated transportation services, metro cards, funding for free and reduced-cost breakfasts, lunches and snacks, special education services and physical, occupational, and speech therapy that was also provided for the students from the local district. The Charter School is not able to determine a value for these services.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

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

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$278,000 and \$130,000 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 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.

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.

Adoption of new accounting standard – 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 are not 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.

Reclassifications

Certain prior year amounts have been reclassified to conform to the present year presentation.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 28, 2024, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

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 investment accounts.

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 surplus 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:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 7,351,922	\$ 7,592,304
Grants and contracts receivable	9,193,802	5,346,794
Investments	21,200,467	15,328,948
Due from related parties	<u>73,612</u>	<u>47,394</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 37,819,803</u>	<u>\$ 28,315,440</u>

NOTE C: RELATED PARTY TRANSACTIONS

Excellence Community Schools, Inc. ("Excellence"), a not-for-profit organization dedicated to helping start and run charter schools, provides management and other administrative support services to the Charter School. The Charter School entered into an educational services agreement with Excellence whereby Excellence will provide the Charter School with services related to education and instruction, business operations, human resources and employment. In turn, Excellence shall be paid a fee equal to 15% of all public revenues received by the Charter School during the fiscal year. This agreement is extended through the Charter term, currently July 2029. The Charter School incurred fees of approximately \$8,769,000 and \$8,595,000 for the years ended June 30, 2024 and 2023, respectively.

At June 30, 2024 and 2023, approximately \$1,843,000 and \$2,000,000, respectively, of fees were accrued in management fees due to charter management organization on the accompanying statement of financial position.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE C: RELATED PARTY TRANSACTIONS, Cont'd

Approximately \$72,100 and \$47,400 is due to the Charter School from Excellence for expenses that are to be reimbursed by Excellence after June 30, 2024 and 2023, respectively. These amounts are included in due from related parties on the accompanying statement of financial position at June 30, 2024 and 2023. In addition, the Charter School has formalized sub-lease agreements for four facilities with Excellence. See Note D for more details.

Stamford Charter School for Excellence (“Stamford”) is an educational corporation that operates as a charter school in Stamford, Connecticut. Approximately \$1,500 and \$50 is due to the Charter School from Stamford for expenses that are to be reimbursed by Stamford after June 30, 2024 and 2023, respectively. These amounts are included in due from related parties on the accompanying statement of financial position at June 30, 2024 and 2023.

NOTE D: LEASES

The Charter School leases the facility for the Bronx Excellence 2 location. Effective July 1, 2016, the Charter School assigned the lease to Excellence. The sub-lease agreement between the Charter School and Excellence was finalized February 7, 2018 under the same terms of the original lease agreement. The lease term was through June 30, 2021. The Charter School renegotiated a one-year lease, signed March 2022 covering the period July 1, 2021 through June 30, 2022. In March 2024, the lease was extended through June 30, 2024. Base rent for this lease extension is \$33,100 per month. Effective July 1, 2024, this lease agreement was extended through June 30, 2033 with escalating monthly payments ranging from \$73,000 to \$88,000.

In July 2022, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 2 Middle School location. The term of the lease began July 1, 2022 and goes through June 30, 2052. The base rent is approximately \$105,100 per month for the year ended June 30, 2024. The lease has escalating payments throughout the term.

In September 2017, the Charter School commenced the process to enter into a sub-lease agreement with Excellence for the facility for the Bronx Excellence 3 location. The sub-lease agreement was finalized as of February 7, 2018. The term of the lease began August 9, 2017 and goes through July 31, 2032. The Charter School’s base rent for the year ended June 30, 2024 was approximately \$96,700 per month. The lease has escalating payments throughout the term.

In July 2019, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 5 location. The term of the lease began July 1, 2019 and goes through June 30, 2039. The Charter School’s base rent for the year ended June 30, 2024 was approximately \$103,700 per month. The lease has escalating payments throughout the term. The Charter School paid \$59,319 of security deposits relative to this agreement.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE D: LEASES, Cont'd

In August 2020, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 4 location. The term of the lease began July 1, 2020 and goes through June 30, 2040. The base rent is approximately \$92,000 per month for the year ended June 30, 2024. The lease has escalating payments throughout the term. The Charter School paid \$530,000 of security deposits relative to this agreement.

In July 2022, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 3 and 4 Middle School location. The term of the lease began July 1, 2022 and goes through June 30, 2037. The base rent is approximately \$96,200 per month for the year ended June 30, 2024. The lease has escalating payments throughout the term. The Charter School paid \$139,500 of security deposits relative to this agreement.

Total rental expense was approximately \$7,941,000 and \$8,004,000 for the years ended June 30, 2024 and 2023, respectively.

The Charter School also leases office equipment under non-cancelable lease agreements at a monthly cost of approximately \$16,500 that will expire at various dates through February 2029. Total equipment lease expense was approximately \$202,500 and \$170,000 for the years ended June 30, 2024 and 2023, respectively.

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

<u>Assets</u>	<u>Statement of Financial Position Classification</u>	<u>June 30,</u>	
		<u>2024</u>	<u>2023</u>
Right-of-use assets - operating	Other assets	<u>\$ 95,380,725</u>	<u>\$ 99,606,295</u>
<u>Liabilities</u>			
Current portion of lease liabilities - operating	Current liabilities	\$ 3,191,533	\$ 2,840,135
Long-term lease liabilities - operating	Other liabilities	<u>97,562,921</u>	<u>100,454,221</u>
		<u>\$ 100,754,454</u>	<u>\$ 103,294,356</u>

The components of lease expense were as follows:

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Operating lease expense	<u>\$ 7,810,081</u>	<u>\$ 7,777,786</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE D: LEASES, Cont'd

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

	<u>Operating leases</u>
2025	\$ 6,357,575
2026	6,791,976
2027	6,923,630
2028	7,055,349
2029	7,136,539
Thereafter	<u>105,662,251</u>
	139,927,320
Less: interest	<u>(39,172,866)</u>
Present value of lease liabilities	<u>\$ 100,754,454</u>

Supplemental information is as follows:

	<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 paid for operating leases	\$ 6,118,236	\$ 5,967,081
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 348,939	\$ 105,921,114
Weighted-average remaining lease term:		
Operating leases	19.47 years	20.3 years
Weighted-average discount rate:		
Operating leases	3.20%	3.20%

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 914,772	\$ 914,772
Buildings	34,054,338	33,969,006
Furniture and fixtures	1,256,786	1,081,374
Computers and equipment	4,515,762	4,272,696
Leasehold improvements	<u>3,220,326</u>	<u>3,215,146</u>
	43,961,984	43,452,994
Less accumulated depreciation and amortization	<u>12,782,378</u>	<u>10,950,621</u>
	<u>\$ 31,179,606</u>	<u>\$ 32,502,373</u>

Total depreciation and amortization expense was \$1,831,758 and \$1,801,174 for the years ended June 30, 2024 and 2023, respectively.

NOTE F: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure the fair value. The hierarchy gives the 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). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE F: FAIR VALUE MEASUREMENTS, Cont'd

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2024 or 2023 :

*Certificates of deposit:* Fair values are calculated based on the exact runoff of principal for each CD in each category given its contractual maturity, discounted at an appropriate term rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Charter School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy; the Charter School's investment assets measured at fair value on a recurring basis as of:

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2024</u>				
Certificates of deposit	\$ -	\$ 21,200,467	\$ -	\$ 21,200,467
Total assets at fair value	<u>\$ -</u>	<u>\$ 21,200,467</u>	<u>\$ -</u>	<u>\$ 21,200,467</u>
<u>June 30, 2023</u>				
Certificates of deposit	\$ -	\$ 15,328,948	\$ -	\$ 15,328,948
Total assets at fair value	<u>\$ -</u>	<u>\$ 15,328,948</u>	<u>\$ -</u>	<u>\$ 15,328,948</u>

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the risk associated with investment securities, it is at least reasonably possible that changes in risk could materially affect the accompanying financial statements.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE G: BONDS PAYABLE

During April 2013, Build NYC Resource Corporation issued \$23,310,000 in principal amount of Tax-Exempt Fixed Rate Revenue Bonds (“Series A”) and \$690,000 in principal amount of Taxable Fixed Rate Revenue Bonds (“Series B”). The proceeds of the bonds were made available to the Charter School pursuant to a special agreement with Build NYC Resource Corporation. The remaining proceeds were used to construct additional schools and for renovation of the current school facilities.

The Series A bonds were subject to optional redemption, in whole or in part, at the option of the Issuer at the request of the Charter School on April 1, 2023 or any business day thereafter. On June 15, 2023 the Series A bonds consisting of \$20,300,000 in principal and \$221,800 in interest were paid in full.

The Series B bonds had a stated rate and maturity of 5% in 2018. The bonds were subject to mandatory sinking fund installments beginning in 2016. The Series B Bonds were repaid prior to June 30, 2019.

The bonds were secured by the assets and certain revenue of the Charter School. Additionally, the Charter School Financing Partnership, an organization established to provide access to secondary market financing for charter schools that serve disadvantaged students and communities, had provided funds amounting to \$1,540,000 to be held by the trustee in a Debt Reserve account as additional security. The funds were repaid to the Charter School Financing Partnership when the bonds were paid in full on June 15, 2023.

Total issuance costs of approximately \$1,621,000 were being amortized over the life of the bonds. Amortization expense of \$68,718 was recorded and is recognized in interest expense for the year ended June 30, 2023. The Charter School incurred net interest expense of \$1,009,728 for the year ended June 30, 2023 which is recognized in the statement of activities and changes in net assets.

NOTE H: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering all eligible employees. The Charter School matches up to 5% of each employee’s annual compensation not to exceed the employee’s salary deferral amount. The Charter School may also elect to make additional contributions to the plan on a discretionary basis. The Charter School made contributions of approximately \$489,000 and \$606,500 for the years ended June 30, 2024 and 2023, respectively.

NOTE I: 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.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE J: CONCENTRATIONS

At June 30, 2024, approximately 98% of grants and contracts receivable are due from the Federal government, relating to certain grants. For the year ended June 30, 2024, 84% 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.

At June 30, 2023, approximately 92% of grants and contracts receivables are due from the Federal government, relating to certain grants. For the year ended June 30, 2023, 81% 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 K: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2024</u>	<u>2023</u>
Undesignated	\$ 26,268,866	\$ 18,715,375
Invested in property and equipment, net of related debt	<u>31,179,606</u>	<u>32,502,373</u>
	<u>\$ 57,448,472</u>	<u>\$ 51,217,748</u>

NOTE L: 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.

**BRONX CHARTER SCHOOL FOR EXCELLENCE**

**OTHER FINANCIAL INFORMATION**



BUSINESS  
ADVISORS  
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees  
Bronx Charter School for Excellence

We have audited the financial statements of Bronx Charter School for Excellence as of and for the year ended June 30, 2024, and have issued our report thereon dated October 28, 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  
October 28, 2024

- 25 -

Canandaigua + Elmira + Latham + Queensbury + Rochester  
*An Independent Member of the BDO Alliance USA*

WE VALUE YOUR FUTURE

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF ACTIVITIES BY CHARTER

YEAR ENDED JUNE 30, 2024

	<u>Bronx Excellence 1</u>	<u>Bronx Excellence 2</u>	<u>Bronx Excellence 3</u>	<u>Bronx Excellence 4</u>	<u>Bronx Excellence 5</u>	<u>Total</u>
Revenue, gains and other support:						
Public school district:						
Resident student enrollment	\$ 13,750,653	\$ 8,256,044	\$ 8,564,377	\$ 6,373,187	\$ 4,819,605	\$ 41,763,866
Students with disabilities	605,835	467,893	166,701	268,686	371,578	1,880,693
Grants and contracts:						
State and local	59,146	34,437	35,046	24,746	21,046	174,421
Federal - Title and IDEA	602,281	365,131	383,358	275,690	269,306	1,895,766
Federal - other	1,434,418	617,154	1,066,662	717,685	1,274,725	5,110,644
Food service / Child nutrition program	472,728	213,902	264,067	226,149	149,474	1,326,320
NYC DoE Rental Assistance	-	1,658,329	1,931,680	1,484,795	1,244,387	6,319,191
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>16,925,061</u>	<u>11,612,890</u>	<u>12,411,891</u>	<u>9,370,938</u>	<u>8,150,121</u>	<u>58,470,901</u>
Expenses:						
Program:						
Regular education	11,885,817	9,185,175	8,766,681	6,590,199	5,473,703	41,901,575
Special education	1,648,183	1,962,983	1,643,105	1,371,820	1,263,319	7,889,410
Management and general	1,077,115	837,996	704,395	654,314	398,768	3,672,588
TOTAL OPERATING EXPENSES	<u>14,611,115</u>	<u>11,986,154</u>	<u>11,114,181</u>	<u>8,616,333</u>	<u>7,135,790</u>	<u>53,463,573</u>
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	2,313,946	(373,264)	1,297,710	754,605	1,014,331	5,007,328
Support and other revenue:						
Contributions:						
Foundations	35,393	22,518	32,678	18,300	30,113	139,002
Corporations	3,619	-	-	-	-	3,619
Investment income	876,846	-	-	-	-	876,846
Miscellaneous income	70,047	47,376	27,051	39,104	20,351	203,929
TOTAL SUPPORT AND OTHER REVENUE	<u>985,905</u>	<u>69,894</u>	<u>59,729</u>	<u>57,404</u>	<u>50,464</u>	<u>1,223,396</u>
CHANGE IN NET ASSETS	3,299,851	(303,370)	1,357,439	812,009	1,064,795	6,230,724
Net assets at beginning of year	23,662,922	9,106,353	10,344,951	5,607,793	2,495,729	51,217,748
NET ASSETS AT END OF YEAR	<u>\$ 26,962,773</u>	<u>\$ 8,802,983</u>	<u>\$ 11,702,390</u>	<u>\$ 6,419,802</u>	<u>\$ 3,560,524</u>	<u>\$ 57,448,472</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 1

YEAR ENDED JUNE 30, 2024

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	13	\$ 809,881	\$ 269,962	\$ 1,079,843	\$ 269,962	\$ 1,349,805
Instructional personnel	54	4,547,909	497,995	5,045,904	163,083	5,208,987
Non-instructional personnel	3	50,201	16,733	66,934	16,733	83,667
Total salaries and wages	69	5,407,991	784,690	6,192,681	449,778	6,642,459
Payroll taxes and employee benefits		911,308	131,645	1,042,953	75,016	1,117,969
Retirement		118,351	16,939	135,290	9,533	144,823
Management fees		2,071,636	296,508	2,368,144	166,869	2,535,013
Legal fees		-	-	-	19,626	19,626
Audit/accounting fees		-	-	-	18,067	18,067
Professional services		719,308	92,645	811,953	91,892	903,845
Repairs and maintenance		159,769	22,867	182,636	12,870	195,506
Insurance		-	-	-	78,035	78,035
Utilities		264,574	37,867	302,441	21,311	323,752
Curriculum and classroom supplies		414,907	34,237	449,144	-	449,144
Non-capitalized equipment and furnishings		101,321	14,364	115,685	7,978	123,663
Professional development		98,087	14,039	112,126	7,901	120,027
Student and staff recruitment		64,454	8,418	72,872	4,120	76,992
Technology		85,807	12,176	97,983	6,772	104,755
Food service		452,227	37,317	489,544	-	489,544
Student services		15,789	1,303	17,092	-	17,092
Office expenses		77,690	11,119	88,809	6,903	95,712
Interest expense		977	186	1,163	75	1,238
Depreciation and amortization		921,295	131,863	1,053,158	74,210	1,127,368
Other		326	-	326	26,159	26,485
		<u>\$ 11,885,817</u>	<u>\$ 1,648,183</u>	<u>\$ 13,534,000</u>	<u>\$ 1,077,115</u>	<u>\$ 14,611,115</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 2

YEAR ENDED JUNE 30, 2024

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	12	\$ 846,014	\$ 282,005	\$ 1,128,019	\$ 282,005	\$ 1,410,024
Instructional personnel	35	2,786,740	517,113	3,303,853	-	3,303,853
Non-instructional personnel	5	61,086	18,179	79,265	17,003	96,268
Total salaries and wages	52	3,693,840	817,297	4,511,137	299,008	4,810,145
Payroll taxes and employee benefits		639,443	141,666	781,109	51,903	833,012
Retirement		94,573	20,981	115,554	7,698	123,252
Management fees		1,331,927	295,481	1,627,408	108,420	1,735,828
Legal fees		-	-	-	25,889	25,889
Audit/accounting fees		-	-	-	15,724	15,724
Professional services		387,711	68,929	456,640	58,308	514,948
Building and land rent		2,032,502	450,900	2,483,402	165,448	2,648,850
Repairs and maintenance		58,014	12,870	70,884	4,722	75,606
Insurance		-	-	-	50,696	50,696
Utilities		47,618	10,564	58,182	3,876	62,058
Curriculum and classroom supplies		268,559	31,339	299,898	-	299,898
Non-capitalized equipment and furnishings		54,264	11,082	65,346	3,677	69,023
Professional development		19,656	4,361	24,017	1,600	25,617
Student and staff recruitment		55,577	11,411	66,988	3,813	70,801
Technology		50,350	11,068	61,418	4,020	65,438
Food service		215,357	25,131	240,488	-	240,488
Student services		22,865	2,668	25,533	-	25,533
Office expenses		48,793	10,824	59,617	3,997	63,614
Depreciation and amortization		163,410	36,252	199,662	13,302	212,964
Other		716	159	875	15,895	16,770
		<u>\$ 9,185,175</u>	<u>\$ 1,962,983</u>	<u>\$ 11,148,158</u>	<u>\$ 837,996</u>	<u>\$ 11,986,154</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 3

YEAR ENDED JUNE 30, 2024

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	7	\$ 680,164	\$ 226,722	\$ 906,886	\$ 226,722	\$ 1,133,608
Instructional personnel	36	2,683,883	430,518	3,114,401	-	3,114,401
Non-instructional personnel	5	96,393	30,945	127,338	30,501	157,839
Total salaries and wages	48	3,460,440	688,185	4,148,625	257,223	4,405,848
Payroll taxes and employee benefits		640,755	128,039	768,794	48,049	816,843
Retirement		78,999	15,497	94,496	5,365	99,861
Management fees		1,476,150	289,570	1,765,720	100,241	1,865,961
Legal fees		-	-	-	11,547	11,547
Audit/accounting fees		-	-	-	15,836	15,836
Professional services		438,506	61,140	499,646	56,719	556,365
Building and land rent		1,597,133	313,303	1,910,436	108,456	2,018,892
Repairs and maintenance		32,364	6,349	38,713	2,198	40,911
Insurance		-	-	-	52,255	52,255
Utilities		83,013	16,284	99,297	5,637	104,934
Curriculum and classroom supplies		300,135	27,231	327,366	-	327,366
Non-capitalized equipment and furnishings		50,631	9,350	59,981	3,269	63,250
Professional development		19,563	3,838	23,401	1,328	24,729
Student and staff recruitment		41,780	7,719	49,499	2,530	52,029
Technology		48,039	9,309	57,348	3,188	60,536
Food services		284,226	25,788	310,014	-	310,014
Student services		6,283	570	6,853	-	6,853
Office expenses		42,077	8,254	50,331	2,860	53,191
Depreciation and amortization		165,771	32,519	198,290	11,257	209,547
Other		816	160	976	16,437	17,413
		<u>\$ 8,766,681</u>	<u>\$ 1,643,105</u>	<u>\$ 10,409,786</u>	<u>\$ 704,395</u>	<u>\$ 11,114,181</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 4

YEAR ENDED JUNE 30, 2024

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	9	\$ 681,377	\$ 227,126	\$ 908,503	\$ 227,126	\$ 1,135,629
Instructional personnel	23	1,889,619	328,847	2,218,466	-	2,218,466
Non-instructional personnel	4	31,213	9,161	40,374	8,465	48,839
Total salaries and wages	36	2,602,209	565,134	3,167,343	235,591	3,402,934
Payroll taxes and employee benefits		412,060	89,579	501,639	37,389	539,028
Retirement		57,478	12,483	69,961	5,127	75,088
Management fees		1,072,480	232,925	1,305,405	95,662	1,401,067
Legal fees		-	-	-	1,667	1,667
Audit/accounting fees		-	-	-	8,970	8,970
Professional services		396,365	69,752	466,117	74,452	540,569
Building and land rent		1,329,419	288,728	1,618,147	118,581	1,736,728
Repairs and maintenance		2,145	466	2,611	191	2,802
Insurance		-	-	-	38,051	38,051
Utilities		3,434	746	4,180	306	4,486
Curriculum and classroom supplies		195,058	23,337	218,395	-	218,395
Non-capitalized equipment and furnishings		34,798	7,048	41,846	2,677	44,523
Professional development		18,498	4,017	22,515	1,650	24,165
Student and staff recruitment		38,227	7,274	45,501	2,470	47,971
Technology		36,999	7,961	44,960	3,232	48,192
Food service		217,991	26,080	244,071	-	244,071
Student services		13,243	1,584	14,827	-	14,827
Office expenses		38,377	8,335	46,712	3,425	50,137
Depreciation and amortization		120,868	26,251	147,119	10,781	157,900
Other		550	120	670	14,092	14,762
		<u>\$ 6,590,199</u>	<u>\$ 1,371,820</u>	<u>\$ 7,962,019</u>	<u>\$ 654,314</u>	<u>\$ 8,616,333</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 5

YEAR ENDED JUNE 30, 2024

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	7	\$ 408,251	\$ 136,084	\$ 544,335	\$ 136,084	\$ 680,419
Instructional personnel	20	1,800,568	386,017	2,186,585	-	2,186,585
Non-instructional personnel	3	32,086	10,153	42,239	9,611	51,850
Total salaries and wages	30	2,240,905	532,254	2,773,159	145,695	2,918,854
Payroll taxes and employee benefits		317,083	75,389	392,472	20,686	413,158
Retirement		35,448	8,384	43,832	2,188	46,020
Management fees		948,461	224,320	1,172,781	58,550	1,231,331
Legal fees		-	-	-	1,732	1,732
Audit/accounting fees		-	-	-	8,496	8,496
Professional services		196,378	36,624	233,002	32,528	265,530
Building and land rent		1,183,405	279,886	1,463,291	73,053	1,536,344
Repairs and maintenance		1,310	310	1,620	81	1,701
Insurance		-	-	-	32,491	32,491
Utilities		6,276	1,484	7,760	387	8,147
Curriculum and classroom supplies		194,819	32,443	227,262	-	227,262
Non-capitalized equipment and furnishings		22,131	5,194	27,325	1,382	28,707
Professional development		12,275	2,903	15,178	758	15,936
Student and staff recruitment		23,360	5,322	28,682	1,263	29,945
Technology		28,839	6,780	35,619	1,744	37,363
Food service		142,137	23,670	165,807	-	165,807
Student service		3,320	553	3,873	-	3,873
Office expenses		21,615	5,112	26,727	1,334	28,061
Depreciation and amortization		95,498	22,586	118,084	5,895	123,979
Other		443	105	548	10,505	11,053
		<u>\$ 5,473,703</u>	<u>\$ 1,263,319</u>	<u>\$ 6,737,022</u>	<u>\$ 398,768</u>	<u>\$ 7,135,790</u>

**BRONX CHARTER SCHOOL FOR EXCELLENCE**

**BRONX, NEW YORK**

**SCHEDULES REQUIRED BY GOVERNMENT  
AUDITING STANDARDS AND THE UNIFORM  
GUIDANCE**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2024**



BUSINESS  
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## CONTENTS

<u>SCHEDULES REQUIRED BY GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE</u>	<u>PAGE</u>
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 <i>Government Auditing Standards</i>	3
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	5
Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	10



BUSINESS  
ADVISORS  
AND CPAS

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 Excellence

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bronx Charter School for Excellence 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 October 28, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bronx Charter School for Excellence'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 Excellence's internal control. Accordingly, we do not express an opinion on the effectiveness of Bronx Charter School for Excellence'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 Excellence'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 28, 2024



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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 Excellence

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

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

We have audited Bronx Charter School for Excellence’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 Excellence’s major federal programs for the year ended June 30, 2024. Bronx Charter School for Excellence’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, Bronx Charter School for Excellence 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 Opinion on Each Major Federal Program***

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 Excellence 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 Excellence’s compliance with the compliance requirements referred to above.

### ***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 Excellence'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 Excellence'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 about Bronx Charter School for Excellence'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 Excellence'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 Excellence'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 Excellence'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.

### **Report on 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 Excellence as of and for the year ended June 30, 2024, and have issued our report thereon dated October 28, 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, Barw & Co. LLP*

Rochester, New York  
October 28, 2024

BRONX CHARTER SCHOOL FOR EXCELLENCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024

	Federal AL Number	Pass-through Grantor's Number	Total Federal Expenditures
U.S. Department of Education:			
<u>Passed through New York State Education Department:</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 1,323,960
Title IIA - Supporting Effective Instruction State Grant	84.367	0147	152,647
Title IIIA - ELL and Immigrant Programs	84.365	0293	13,408
Title IV - Student Support and Academic Enrichment Program	84.424	0204	107,817
 <u>Education Stabilization Funds -</u>			
ARP ESSER - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	5880	4,841,476
ESSER HCY - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth	84.425W	5218	<u>15,719</u>
<i>Total Education Stabilization Funds</i>			<u>4,857,195</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>6,455,027</u>
 U.S. Department of Agriculture:			
<u>Passed through New York State Education Department:</u>			
<u>Child Nutrition Cluster</u>			
School Breakfast Program	10.553	321100860859	224,547
National School Lunch Program	10.555	321100860859	1,013,580
Supply Chain Assistance - COVID	10.555	321100860859	<u>65,904</u>
<i>Total Child Nutrition Cluster</i>			<u>1,304,031</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,304,031
TOTAL ALL PROGRAMS			<u>\$ 7,759,058</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Cont'd

YEAR ENDED JUNE 30, 2024

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bronx Charter School for Excellence 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, 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 Excellence has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

BRONX CHARTER SCHOOL FOR EXCELLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITOR'S RESULTS

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Financial Statements

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

Federal Awards

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

Identification of major program:

*AL Number:*

84.425W & 84.425U

*Name of Federal Program or Cluster:*

ARP ESSER & ESSER HCY

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

   \$750,000   

Auditee qualified as low-risk auditee?	_____ <u>   x   </u> yes    _____ no
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BRONX CHARTER SCHOOL FOR EXCELLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd  
YEAR ENDED JUNE 30, 2024

FINDING – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM

None.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.

**BRONX CHARTER SCHOOL FOR EXCELLENCE**

**REPORT TO THE FINANCE COMMITTEE**

**JUNE 30, 2024**



BUSINESS  
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ADVISORS  
AND CPAS

October 28, 2024

The Finance Committee  
Bronx Charter School for Excellence

We have audited the financial statements of Bronx Charter School for Excellence as of and for the year ended June 30, 2024, and have issued our report thereon dated October 28, 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 May 20, 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 accordance 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 Excellence 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 you.

- 1 -

## **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 Chief Financial Officer and outsourced finance team who review the draft financial statements prior to issuance and accept responsibility for them.

## **Significant Risks Identified**

We have identified the following significant risks:

- The potential for management override of controls.
- The potential for improper revenue recognition.
- The potential for improper allocation of expenses to grants.
- The potential for misappropriation of assets through unauthorized credit card purchases.

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 Excellence 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 collectability of grants receivable, as well as the allocation of costs for the statement of functional expenses. We evaluated the key factors and assumptions used to develop these 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 Excellence's financial statements relate to the fair value measurements of investments and lease commitments which are referred to in the notes of the financial statements.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance 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. We are pleased to inform you no such misstatements were noted.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements 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 Excellence's financial statements or the auditor's report. We are pleased to report that 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 Excellence, 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. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## 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 Kate VanBramer will be happy to meet with you at your convenience.

This report is intended solely for the information and use of the Finance Committee, the Board of Trustees, and management of Bronx Charter School for Excellence 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*

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