

Harlem Link Charter School

Financial Statements and
Uniform Guidance Schedules
Together with Independent Auditors' Reports

June 30, 2024 and 2023

Harlem Link Charter School

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Independent Auditors' Report

Board of Trustees
Harlem Link Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Harlem Link Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harlem Link Charter School as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Harlem Link Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Harlem Link Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Harlem Link Charter School'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 Harlem Link Charter School'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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of Harlem Link Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harlem Link Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harlem Link Charter School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 31, 2024

Harlem Link Charter School

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Current Assets		
Cash	\$ 1,543,671	\$ 3,721,205
Investments	2,748,843	-
Grants and contracts receivable	562,706	138,949
Prepaid expenses and other current assets	1,665	3,975
Total Current Assets	4,856,885	3,864,129
Property and equipment, net	228,754	295,849
Right of use assets - operating lease, net	52,310	73,151
Restricted cash	75,000	75,000
	\$ 5,212,949	\$ 4,308,129
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 40,557	\$ 234,081
Accrued payroll and payroll taxes	508,515	561,833
Operating lease liabilities	21,449	20,841
Total Current Liabilities	570,521	816,755
Operating lease liabilities, less current portion	30,861	52,310
Total Liabilities	601,382	869,065
Net assets, without donor restrictions	4,611,567	3,439,064
	\$ 5,212,949	\$ 4,308,129

See notes to financial statements

Harlem Link Charter School

Statements of Activities

	Year Ended June 30,	
	2024	2023
OPERATING REVENUE		
Public School District		
Regular student enrollment	\$ 6,207,430	\$ 6,328,192
Students with disabilities	1,679,743	1,502,422
Universal pre-kindergarten	286,747	368,674
Grants and Contracts		
Federal	1,227,781	706,985
Federal ERate & IDEA	144,080	140,400
Total Operating Revenue	9,545,781	9,046,673
EXPENSES		
Program Services		
Regular education	5,089,024	5,772,979
Special education	2,329,997	1,988,165
Total Program Services	7,419,021	7,761,144
Supporting Services		
Management and general	1,218,110	1,298,220
Fundraising	144,578	255,462
Total Expenses	8,781,709	9,314,826
Surplus (Deficit) from Operations	764,072	(268,153)
SUPPORT AND OTHER REVENUE		
Contributions and grants	229,425	158,138
Interest and other income	179,006	43,654
Total Support and Other Revenue	408,431	201,792
Change in Net Assets	1,172,503	(66,361)
NET ASSETS, WITHOUT DONOR RESTRICTIONS		
Beginning of year	3,439,064	3,505,425
End of year	\$ 4,611,567	\$ 3,439,064

See notes to financial statements

Harlem Link Charter School

Statement of Functional Expenses
Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	17	\$ 616,620	\$ 266,435	\$ 883,055	\$ 805,887	\$ 102,982	\$ 1,791,924
Instructional personnel	61	2,966,142	1,373,663	4,339,805	-	-	4,339,805
Total Personnel Services Costs	<u>78</u>	<u>3,582,762</u>	<u>1,640,098</u>	<u>5,222,860</u>	<u>805,887</u>	<u>102,982</u>	<u>6,131,729</u>
Fringe benefits and payroll taxes		910,346	416,734	1,327,080	204,768	26,167	1,558,015
Retirement		55,343	25,335	80,678	12,449	1,591	94,718
Legal services		-	-	-	22,021	-	22,021
Accounting/audit services		-	-	-	48,463	-	48,463
Other purchased/professional/consulting services		152,368	69,750	222,118	34,273	4,380	260,771
Insurance		57,694	26,411	84,105	12,977	1,658	98,740
Instructional materials		14,765	7,227	21,992	-	-	21,992
Classroom and office supplies		115,083	52,682	167,765	25,886	3,308	196,959
Non-capitalized equipment/technology		13,584	6,218	19,802	3,055	390	23,247
Professional development		26,747	12,244	38,991	6,016	769	45,776
Marketing and recruitment		21,739	9,615	31,354	10,451	-	41,805
Telephone and internet		2,790	1,277	4,067	628	80	4,775
Staff lunches and team building		33,134	15,168	48,302	7,453	952	56,707
Student meals		12,492	6,114	18,606	-	-	18,606
Postage, printing, and shipping		10,130	4,481	14,611	4,870	-	19,481
Travel and conference		4,437	2,031	6,468	998	128	7,594
Maintenance and repairs		15,442	7,069	22,511	3,473	444	26,428
Depreciation and amortization		60,168	27,543	87,711	13,535	1,729	102,975
Miscellaneous		-	-	-	907	-	907
Total Expenses		<u>\$ 5,089,024</u>	<u>\$ 2,329,997</u>	<u>\$ 7,419,021</u>	<u>\$ 1,218,110</u>	<u>\$ 144,578</u>	<u>\$ 8,781,709</u>

See notes to financial statements

Harlem Link Charter School

Statement of Functional Expenses
Year Ended June 30, 2023

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	24	\$ 781,339	\$ 268,919	\$ 1,050,258	\$ 895,254	\$ 181,248	\$ 2,126,760
Instructional personnel	71	3,263,342	1,119,342	4,382,684	-	-	4,382,684
Total Personnel Services Costs	95	4,044,681	1,388,261	5,432,942	895,254	181,248	6,509,444
Fringe benefits and payroll taxes		988,038	339,125	1,327,163	178,664	44,275	1,550,102
Retirement		55,311	18,984	74,295	10,002	2,479	86,776
Legal services		-	-	-	31,961	-	31,961
Accounting/audit services		-	-	-	39,565	-	39,565
Other purchased/professional/consulting services		148,105	50,834	198,939	26,781	6,637	232,357
Insurance		59,479	20,415	79,894	10,755	2,665	93,314
Instructional materials		5,736	2,089	7,825	-	-	7,825
Classroom and office supplies		166,108	57,013	223,121	30,037	7,444	260,602
Non-capitalized equipment/technology		14,818	5,086	19,904	2,680	664	23,248
Professional development		55,121	18,919	74,040	9,967	2,470	86,477
Marketing and recruitment		54,077	23,919	77,996	25,998	-	103,994
Telephone and internet		7,143	2,452	9,595	1,292	320	11,207
Staff lunches and team building		36,048	12,373	48,421	6,519	1,615	56,555
Postage, printing, and shipping		12,331	5,454	17,785	5,928	-	23,713
Travel and conference		2,862	982	3,844	518	128	4,490
Maintenance and repairs		2,317	795	3,112	419	104	3,635
Depreciation and amortization		120,804	41,464	162,268	21,845	5,413	189,526
Miscellaneous		-	-	-	35	-	35
Total Expenses		\$ 5,772,979	\$ 1,988,165	\$ 7,761,144	\$ 1,298,220	\$ 255,462	\$ 9,314,826

See notes to financial statements

Harlem Link Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,172,503	\$ (66,361)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	102,975	189,526
Amortization of right-of-use asset	20,841	20,251
Unrealized gain on Investments	9,104	-
Changes in operating assets and liabilities		
Grants and contracts receivable	(423,757)	202,446
Prepaid expenses and other current assets	2,310	(2,067)
Accounts payable and accrued expenses	(193,524)	(121,694)
Accrued payroll and payroll taxes	(53,318)	4,220
Operating lease liabilities	(20,841)	(20,251)
Refundable advances	-	(10,106)
Net Cash from Operating Activities	616,293	195,964
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,757,947)	-
Purchases of property and equipment	(35,880)	(6,414)
Net Cash from Investing Activities	(2,793,827)	(6,414)
 Net Change in Cash and Restricted Cash	(2,177,534)	189,550
 CASH AND RESTRICTED CASH		
Beginning of year	3,796,205	3,606,655
End of year	\$ 1,618,671	\$ 3,796,205
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for amounts included in the measurement of lease liability	\$ 22,620	\$ 22,620

See notes to financial statements

Harlem Link Charter School

Notes to Financial Statements
June 30, 2024 and 2023

1. Organization and Tax Status

Harlem Link Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on September 10, 2004 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on September 10, 2004, valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York ("The Board of Regents"). The Board of Regents approved and issued several renewals to the School's charter expiring on July 31, 2028. The School's mission is to provide its students with a solid foundation for academic success. The School provided education to approximately 338 students in kindergarten through fifth grade in the 2023-2024 academic year.

Beginning in July 2015, the School was awarded a contract with the New York City Department of Education to operate a universal pre-kindergarten program. The initial contract commenced July 1, 2015 and has been renewed through June 30, 2024. The School provided education to approximately 28 students in the 2023-2024 academic year.

The School shares space with a New York City public school beginning in May 2005. The School is not responsible for rent, utilities, custodial services, maintenance and school safety services other than security related to the School's programs that take place outside the district's school day. The School was unable to determine a value for the contributed space and related services and did not record any value for the use of donated facilities or services.

The New York City Department of Education provides free lunches and transportation directly to some of the School's students. Such costs are not included in these financial statements as the value of these items has not been determined. The School covers a portion of the cost of lunches for children not entitled to the free lunches.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Harlem Link Charter School

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Net Asset Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net assets without donor restrictions - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

Net assets with donor restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions as of June 30, 2024 and 2023.

Fair Value Measurements

The School follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuation

U.S. Treasury Securities and money market funds are stated at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

Harlem Link Charter School

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,543,671	\$ 3,721,205
Restricted cash	<u>75,000</u>	<u>75,000</u>
	<u>\$ 1,618,671</u>	<u>\$ 3,796,205</u>

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$2,500 and a useful life in excess of one year. Leasehold improvements are amortized over the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Furniture and fixtures	7 years
Computers and equipment	3 - 5 years
Software	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2024 and 2023.

Leases

The School accounts for leases under Topic 842. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities on the accompanying statement of financial position. The School made the short-term lease election for leases with an initial term of less than 12 months.

Harlem Link Charter School

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

ROU assets represent the right to use underlying assets for the lease terms and lease liabilities represent the obligation to make lease payments arising from the leases. Operating lease ROU assets and liabilities are recognized at the lease commencement dates based on the present value of lease payments over the lease terms. When leases do not provide an implicit borrowing rate, the School uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets 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 School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease terms. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The School has lease agreements with lease and non-lease components, which are generally accounted for separately. The School's lease agreements do not contain any variable lease components.

Refundable Advances

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status, and based on the number of students enrolled, is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Marketing and Recruitment

Marketing and recruitment costs are expensed as incurred. Marketing and recruitment expense for the years ended June 30, 2024 and 2023 was \$41,805 and \$103,994.

Harlem Link Charter School

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses such as personnel service costs, fringe benefits and payroll taxes, other purchases/professional/consulting services, and classroom and office supplies have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities include revenue and support from non-governmental and other sources that include contributions and grants revenue and other activities considered to be a more non-recurring nature.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2021.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 31, 2024.

3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year. Management has assessed the need for an allowance and determined that such allowance is not necessary.

Harlem Link Charter School

Notes to Financial Statements June 30, 2024 and 2023

4. Investments

Major categories of investments categorized by the fair value hierarchy are as follows at June 30, 2024. There were no investments at June 30, 2023.

	Level I	Total
U.S. Treasury Securities	\$ 891,137	\$ 891,137
Money market funds	842,193	842,193
	<u>\$ 1,733,330</u>	<u>1,733,330</u>
Cash equivalents, at cost		1,015,513
		<u>\$ 2,748,843</u>

5. Property and Equipment

Property and equipment consisted of the following at June 30:

	2024	2023
Furniture and fixtures	\$ 292,543	\$ 292,543
Computers and equipment	976,472	940,592
Software	29,345	29,345
Leasehold improvements	<u>258,675</u>	<u>258,675</u>
	1,557,035	1,521,155
Accumulated depreciation and amortization	<u>(1,328,281)</u>	<u>(1,225,306)</u>
	<u>\$ 228,754</u>	<u>\$ 295,849</u>

6. Liquidity and Availability of Financial Assets

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, are comprised of the following at June 30:

	2024	2023
Cash	\$ 1,543,671	\$ 3,721,205
Investments	2,748,843	-
Grants and contracts receivable	<u>562,706</u>	<u>138,949</u>
	<u>\$ 4,855,220</u>	<u>\$ 3,860,154</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in money market accounts and other liquid instruments until it is required for operational use. In the event of unanticipated liquidity need, the School could draw upon investments to cover any temporary shortfall in funding. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (see Note 9).

Harlem Link Charter School

Notes to Financial Statements
June 30, 2024 and 2023

7. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the School provides matching contributions up to 3% of participants' annual compensation with one year of service. For the years ended June 30, 2024 and 2023, the School provided matching contributions of \$94,718 and \$86,776.

8. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash on deposit with financial institutions and investments. At times, such amounts exceed the current insured amount under the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000. Investments are maintained at a broker which insures the balance up to \$500,000 with Securities Investor Protection Corporation ("SIPC") insurance. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2024 and 2023, approximately \$2,602,000 and \$3,046,000 of cash was maintained with institutions in excess of FDIC and SIPC limits.

9. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2024 and 2023, the School received approximately 82% and 89% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

10. Commitment

The School leases office copiers under non-cancelable operating leases expiring at various times through 2027.

ROU assets consist of the following at June 30:

	2024	2023
ROU asset - operating lease	\$ 93,402	\$ 93,402
Accumulated amortization	(41,092)	(20,251)
	<u>\$ 52,310</u>	<u>\$ 73,151</u>
Weighted average remaining lease term	2.38 years	3.38 years
Weighted average discount rate	2.88%	2.88%

Harlem Link Charter School

Notes to Financial Statements
June 30, 2024 and 2023

10. Commitment (continued)

The future minimum lease payments under the leases are as follows for the years ending June 30:

2025	\$	22,620
2026		22,620
2027		<u>8,825</u>
Total minimum lease payments		54,065
Present value discount		<u>(1,755)</u>
Present value of operating lease liability		52,310
Current portion		<u>(21,449)</u>
Operating lease liabilities, less current portion	\$	<u><u>30,861</u></u>

Copier lease expense for the years ended June 30, 2024 and 2023 was \$23,247 and \$23,248.

11. Contingency

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

* * * * *

Harlem Link Charter School

Uniform Guidance
Schedules and Reports

June 30, 2024

Harlem Link Charter School

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Pass-Through New York State Education Department:				
Title I Grants to Local Educational Agencies Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.010	0021234318	\$ -	\$ 161,738
Student Support and Academic Enrichment Program	84.367	0147244318	-	18,311
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.424	0204244318	-	12,880
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880214318	-	1,011,979
Special Education Cluster (IDEA)-Cluster				
Pass-Through New York State Education Department:				
COVID-19 - Special Education Grants to States	84.027	not available	-	22,873
Total U.S. Department of Education			-	1,227,781
Total Expenditures of Federal Awards			\$ -	\$ 1,227,781

See independent auditors' report and notes to schedule of expenditures of federal awards

Harlem Link Charter School

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Harlem Link Charter School (the "School"), under programs of the federal government for the year ended June 30, 2024. 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). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

2. **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. **Indirect Cost Rate**

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Independent Auditors' Report

**Board of Trustees
Harlem Link Charter School**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Harlem Link Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
October 31, 2024

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

Independent Auditors' Report

**Board of Trustees
Harlem Link Charter School**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harlem Link Charter School (the "School") 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 the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 the School'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 the School's federal programs.

Auditors' 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 the School'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 generally accepted auditing standards, *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 the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the School'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 the School'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 the School'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 Auditors' 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.

PKF O'Connor Davies, LLP

Harrison, New York
October 31, 2024

Harlem Link Charter School

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to the financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required

to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

Federal Assistance Listing Number(s)

Name of Federal Program or Cluster

84.425U

COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP

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

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2024.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instance of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.

**Independent Auditors' Communication on
Internal Control Matters**

**The Board of Trustees
Harlem Link Charter School**

In planning and performing our audit of the financial statements of Harlem Link Charter School (the "School") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, audit committee, board of Trustees, The Charter School Institute of the State University of New York, The State Education Department of the State University of New York, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the School during the course of our audit.

PKF O'Connor Davies, LLP

Harrison, New York
October 31, 2024