

**Harlem Village Academy East Charter School**

Financial Statements

June 30, 2024

## **Independent Auditors' Report**

### **Board of Trustees Harlem Village Academy East Charter School**

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

#### ***Opinion***

We have audited the accompanying financial statements of Harlem Village Academy East Charter 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harlem Village Academy East Charter School 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 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 Village Academy East Charter School 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 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 Village Academy East 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 Village Academy East 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 Village Academy East 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024, on our consideration of Harlem Village Academy East 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 Village Academy East 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 Village Academy East Charter School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 30, 2024

# Harlem Village Academy East Charter School

## Statement of Financial Position June 30, 2024

### ASSETS

#### Current Assets

Cash	\$ 1,272,531
Investments	506,590
Grants and contracts receivable	417,271
Prepaid expenses and other current assets	<u>594</u>
Total Current Assets	2,196,986

Property and equipment, net	140,311
Note receivable - related party	750,000
Restricted cash	<u>75,028</u>
	<u>\$ 3,162,325</u>

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts payable and accrued expenses	\$ 577,862
Accrued payroll and payroll taxes	275,824
Due to related parties	<u>1,084,989</u>
Total Current Liabilities	1,938,675

Net assets, without donor restrictions	<u>1,223,650</u>
	<u>\$ 3,162,325</u>

## Harlem Village Academy East Charter School

Statement of Activities  
Year Ended June 30, 2024

### REVENUE AND SUPPORT

State and local per pupil operating revenue	\$ 7,522,437
Universal pre-kindergarten	644,731
Federal grants	397,994
State grants	37,478
Grant from Network	369,950
Interest and other income	<u>53,772</u>
Total Revenue and Support	<u>9,026,362</u>

### EXPENSES

Program Services	
Regular education	9,022,377
Special education	590,082
Supplemental education	<u>245,124</u>
Total Program Services	9,857,583
Supporting Services	
Management and general	<u>647,653</u>
Total Expenses	<u>10,505,236</u>

Change in Net Assets Before Other Loss (1,478,874)

Other Loss (See Note 12) 612,534

Change in Net Assets (2,091,408)

### NET ASSETS, WITHOUT DONOR RESTRICTIONS

Beginning of year	<u>3,315,058</u>
End of year	<u>\$ 1,223,650</u>

**Harlem Village Academy East Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2024

	Program Services			Total	Management and General	Total
	Regular Education	Special Education	Supplemental Education			
Salaries and benefits	\$ 5,326,656	\$ 478,397	\$ -	\$ 5,805,053	\$ 370,535	\$ 6,175,588
Management fee	752,477	-	-	752,477	132,790	885,267
Contracted services - temporary	153,870	13,819	-	167,689	10,704	178,393
Audit fees	-	-	-	-	15,000	15,000
Legal fees	-	-	-	-	7,310	7,310
Books and curriculum materials	98,618	-	-	98,618	-	98,618
Student testing	37,974	-	-	37,974	-	37,974
Staff development	1,263,726	-	-	1,263,726	-	1,263,726
Field trips	-	-	31,218	31,218	-	31,218
After school activities	-	-	213,906	213,906	-	213,906
Supplies and materials	104,142	9,353	-	113,495	7,244	120,739
Office and postage	73,745	6,623	-	80,368	5,130	85,498
Insurance	150,947	13,557	-	164,504	10,348	174,852
Repairs and maintenance	33,870	3,042	-	36,912	2,356	39,268
Facilities expense	572,467	51,415	-	623,882	39,823	663,705
Depreciation and amortization	128,344	11,527	-	139,871	8,928	148,799
Food and travel	52,179	-	-	52,179	36,110	88,289
Equipment and furniture	12,835	1,153	-	13,988	893	14,881
Technology and communication	254,132	622	-	254,754	482	255,236
Miscellaneous	6,395	574	-	6,969	-	6,969
<b>Total Expenses</b>	<b>\$ 9,022,377</b>	<b>\$ 590,082</b>	<b>\$ 245,124</b>	<b>\$ 9,857,583</b>	<b>\$ 647,653</b>	<b>\$ 10,505,236</b>

See notes to financial statements

**Harlem Village Academy East Charter School**

Statement of Cash Flows  
Year Ended June 30, 2024

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (2,091,408)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation and amortization	148,799
Changes in operating assets and liabilities	
Grants and contracts receivable	636,149
Prepaid expenses and other current assets	307,537
Accounts payable and accrued expenses	293,940
Accrued payroll and payroll taxes	(2,977)
Due to related parties	<u>343,976</u>
Net Cash from Operating Activities	<u>(363,984)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment	(31,055)
Purchases of investments	<u>(506,590)</u>
Net Cash from Investing Activities	<u>(537,645)</u>

Net Change in Cash and Restricted Cash (901,629)

**CASH AND RESTRICTED CASH**

Beginning of year	<u>2,249,188</u>
End of year	<u>\$ 1,347,559</u>

# Harlem Village Academy East Charter School

Notes to Financial Statements

June 30, 2024

## 1. Organization and Tax Status

Harlem Village Academy East Charter School (the "School") is a New York State, not-for-profit corporation and was incorporated on September 13, 2002 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School is dedicated to providing a high quality college preparatory education to primarily disadvantaged students. Classes commenced in East Harlem, New York, in September 2005 and in fiscal 2022 the School added three sections of Universal Pre-Kindergarten. The School provided education to approximately 54 students in Universal Pre-Kindergarten and 377 students in grades kindergarten through twelve during the 2023-2024 school year.

The Board of Trustees of the State University of New York ("SUNY") originally approved the application for the School on September 13, 2002. SUNY approved and issued several renewals to the School's charter expiring on July 31, 2028.

The School is related to Harlem Village Academy West Charter School ("HVAW"), a charter school with common management and Board of Trustees. HVAW is authorized to operate two charters, Harlem Village Academy West Charter School and Harlem Village Academy West 2 Charter School ("West 2"). The School and HVAW merged into a single not-for-profit legal entity under HVAW, which serves as the sole surviving educational corporation. The plan of merger was approved by the State University of New York Charter School Committee on January 30, 2024 and became effective for financial purposes on July 1, 2024. Each school is authorized by the Charter Schools Institute of the State University of New York under HVAW's provisional charter, as amended to effect the merger, and the surviving entity's name was changed to Harlem Village Academies Charter Schools. HVAE was dissolved in conjunction with this merger. In addition, upon the effective date of the merger, the HVAW was renamed Harlem Village Academy North Charter School, and West 2 was renamed Harlem Village Academy West Charter School.

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 Village Academy East Charter School

Notes to Financial Statements

June 30, 2024

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

#### ***Net Assets 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 statement of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2024.

#### ***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***

Investments are measured at market 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 income.

## Harlem Village Academy East Charter School

Notes to Financial Statements  
June 30, 2024

### 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 statement of financial position to the amounts presented in the statement of cash flows at June 30, 2024:

Cash	\$ 1,272,531
Restricted cash	<u>75,028</u>
	<u>\$ 1,347,559</u>

#### ***Property and Equipment***

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of 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 such assets are expensed as incurred.

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

Equipment	3 years
Furniture and fixtures	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 year ended June 30, 2024.

#### ***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.

## Harlem Village Academy East Charter School

Notes to Financial Statements  
June 30, 2024

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

#### ***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.

Contribution revenue is recognized when a donor makes a gift to the School or a promise to make a gift to the School which 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. 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. In-kind donations are recorded at the estimated fair value at the date the services and goods are received.

#### ***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 salaries and benefits, consultants, facilities expense, and technology and communication 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.

#### ***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 30, 2024.

Effective July 1, 2024, the School and HVAW merged into a single not-for-profit entity under Harlem Village Academy Charter Schools, which serves as the sole surviving educational corporation.

## Harlem Village Academy East Charter School

### Notes to Financial Statements

June 30, 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 has determined that such an allowance is not necessary.

#### 4. Investments

The School's investments at June 30, 2024 consisted of a U.S. Treasury money market fund in the amount of \$506,590, categorized as level 1 in the fair value hierarchy.

#### 5. Related Party Transactions (not disclosed elsewhere)

The School is related to Village Academies Network, Inc. (the "Network"), a New York State not-for-profit corporation through common management, and Harlem Village Academy West Charter School ("HVAW"), a charter school through common management and Board of Trustees. The School was not required to consolidate with HVAW as the School does not have an economic interest in the net assets of HVAW. The Network supports the School by providing educational and operating materials, training, financial support and other services.

The School entered into a Memorandum of Understanding (the "MOU") with the Network effective July 1, 2022, which calls for the Network to provide support to the School in the form of academic and business support services. The term of the MOU shall run concurrent with the term of the School's charter. As compensation to the Network for these services rendered during the year ended June 30, 2024, the School paid to the Network an amount equal to 10% of the School's federal, per pupil, and New York State textbook loan funding. During the year ended June 30, 2024, the School incurred \$885,267 in management fees to the Network.

On May 21, 2010, the School signed a promissory note for \$750,000 with the Network. The note was due May 31, 2013. The Board of Trustees approved an extension to September 30, 2024 (the "Repayment Date"). If the note is repaid on or before the Repayment Date, there will be no interest accrued on the note. If the note is paid back after the Repayment Date, the Network shall pay interest at the lower of ten percent (10%) per annum or the maximum rate per annum permitted by applicable law on the outstanding principal amount of the note. The note may be repaid by the Network in whole or in part, without premium or penalty, at any time upon five (5) days advance written notice to the School. The School and the Network are currently renegotiating a new Repayment Date.

For operational efficiency and purchasing power, the School shares certain expenses with HVAW and the Network. During the year ended June 30, 2024, the School incurred \$1,284,833 of net operating expenses paid by HVAW on behalf of the School and \$699,690 of net operating expenses paid by the Network on behalf of the School. At June 30, 2024, the balance due to the Network was \$1,060,156, and the balance due to HVAW was \$24,833.

## Harlem Village Academy East Charter School

Notes to Financial Statements

June 30, 2024

### 5. Related Party Transactions (not disclosed elsewhere) (continued)

The Network, with partial funding through a grant from the New York City Department of Education (which grant is administered by the School Construction Authority or “SCA”), completed the building of a new school facility (the “High School”) in August 2012 to be used by both the School and HVAW (the “Schools”). The High School opened in August 2012. Civic Builders, a non-profit charter school developer, served as developer of the project under a development agreement with the Network. On June 23, 2017, the conveyance of the school portion of the building to SCA was completed, SCA leased it to Civic Builders, which subleased it to HVA 125 LLC, a limited liability company in which the Network is the sole member. Under the sublease terms, the Schools that occupy the premises are required to meet certain academic performance targets, which are less rigorous than the targets of the Schools’ authorizer. There is no rent, but the Schools will pay operating expenses and fund a replacement reserve maintained by the Network. The lease and sublease have at least a 30 year term, which may be extended by the Network under certain conditions. The School was unable to determine a value for the use of facility and did not record an amount for donated use of facility.

### 6. Property and Equipment

Property and equipment consists of the following at June 30, 2024:

Equipment	\$ 1,595,395
Furniture and fixtures	384,430
Software	3,999
Leasehold improvements	<u>737,723</u>
	2,721,547
Accumulated depreciation and amortization	<u>(2,581,236)</u>
	<u>\$ 140,311</u>

Depreciation and amortization expense was \$114,871 for the year ended June 30, 2024. Depreciation expense in the amount of \$33,928 was allocated from HVAW, resulting in the School’s total depreciation and amortization expense of \$148,799.

### 7. 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:

Cash	\$ 1,272,531
Investments	506,590
Grants and contracts receivable	<u>417,271</u>
	<u>\$ 2,196,392</u>

## Harlem Village Academy East Charter School

Notes to Financial Statements

June 30, 2024

### 7. Liquidity and Availability of Financial Assets *(continued)*

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is invested in highly liquid instruments. In the event of unanticipated liquidity need, the School could draw down 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 10).

### 8. 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 provided matching contributions up to 4% of the participant's annual compensation. Employer match for the year ended June 30, 2024 amounted to \$128,201.

### 9. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and restricted cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. Investments are maintained at a broker which insures the balance up to \$500,000 with Securities Investor Protection Corporation ("SIPC"). 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, approximately \$1,119,000 of cash was maintained with an institution in excess of FDIC limits. At June 30, 2024, approximately \$260,000 of investments was maintained with an institution in excess of SIPC limits.

### 10. 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 year ended June 30, 2024, the School received approximately 90% 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.

### 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 Village Academy East Charter School

Notes to Financial Statements  
June 30, 2024

### 12. Other Loss

During the year ended June 30, 2024, the School was the victim of cyberfraud, where funds were misdirected to a third party impersonating a vendor used by the School. The School has informed authorities and commenced a formal investigation. The School was reimbursed \$100,000 by its insurance carrier. Net stolen funds amounted to \$612,534. Management believes that these amounts are uncollectable and has written them off to other loss in the accompanying statement of activities.

\* \* \* \* \*

**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 Village Academy East 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 Village Academy East 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 30, 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 30, 2024