

Sisulu-Walker Charter School of Harlem, Inc.

**Financial Statements
and
Independent Auditors' Report**

June 30, 2024

Sisulu-Walker Charter School of Harlem, Inc.

Financial Statements

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Independent Auditors' Report

To the Board of Trustees of
Sisulu-Walker Charter School of Harlem, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of Sisulu-Walker Charter School of Harlem, Inc. (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 Sisulu-Walker Charter School of Harlem, Inc. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sisulu-Walker Charter School of Harlem, Inc. 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 Sisulu-Walker Charter School of Harlem, Inc.'s ability to continue as a going concern within 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 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, 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 Sisulu-Walker Charter School of Harlem, Inc'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 Sisulu-Walker Charter School of Harlem, Inc'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 Sisulu-Walker Charter School of Harlem, Inc.'s 2023 financial statements, and our report dated October 6, 2023, expressed an unmodified opinion on those audited financial statements. 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 24, 2024, on our consideration of Sisulu-Walker Charter School of Harlem, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sisulu-Walker Charter School of Harlem, Inc.'s internal control over financial reporting and compliance.



New City, New York

October 24, 2024

Sisulu-Walker Charter School of Harlem, Inc.
Statement of Financial Position
June 30, 2024
(With Summarized Comparative Information For June 30, 2023)

ASSETS	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and Cash Equivalents	\$ 652,188	\$ 513,641
Due from Government Agencies (Note 3)	<u>313,949</u>	<u>453,069</u>
Total Current Assets	<u>966,137</u>	<u>966,710</u>
Fixed Assets		
Leasehold Improvements	220,692	220,692
Equipment, Furniture and Fixtures	<u>1,030,684</u>	<u>1,005,341</u>
	1,251,376	1,226,033
Less: Accumulated Depreciation	<u>(1,067,679)</u>	<u>(998,886)</u>
Total Fixed Assets	<u>183,697</u>	<u>227,147</u>
Other Assets		
Operating Lease Right-Of-Use Asset	<u>107,738</u>	<u>-</u>
Total Assets	<u><u>\$ 1,257,572</u></u>	<u><u>\$ 1,193,857</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 60,955	\$ 219,677
Accrued Payroll and Related Expenses	221,546	336,227
Deferred Revenue	75,600	170,161
Operating Lease Liability - Current (Note 7)	<u>43,020</u>	<u>-</u>
Total Current Liabilities	358,101	726,065
Long-Term Liabilities		
Operating Lease Liability, Net of Current Portion (Note 7)	<u>55,923</u>	<u>-</u>
Total Liabilities	457,044	726,065
Net Assets		
Net Assets Without Donor Restrictions	<u>800,528</u>	<u>467,792</u>
Total Liabilities and Net Assets	<u><u>\$ 1,257,572</u></u>	<u><u>\$ 1,193,857</u></u>

Sisulu-Walker Charter School of Harlem, Inc.
Statement of Activities
For the year ended June 30, 2024
(With Summarized Comparative Information For The Year Ended June 30, 2023)

NET ASSETS WITHOUT DONOR RESTRICTIONS

PUBLIC SUPPORT AND REVENUE

	2024	2023
Resident Student Enrollment	\$ 3,240,436	\$ 2,971,531
Grants and Contracts		
Federal Funding	216,920	587,927
State Funding	-	3,230
Corporate Contributions	400,911	182,495
Interest Income	19,522	7,657
Total Public Support and Revenue	3,877,789	3,752,840

EXPENSES

Program Services		
Regular Education	2,237,903	2,388,953
Special Education	668,323	893,398
Total Program Expenses	2,906,226	3,282,351
Supporting Services		
Management and General	638,827	632,168
Total Expenses	3,545,053	3,914,519
Total Change in Net Assets	332,736	(161,679)
Net Assets, Beginning of Year	467,792	629,471
Net Assets, End of Year	\$ 800,528	\$ 467,792

Sisulu-Walker Charter School of Harlem, Inc.
Statement of Functional Expenses
For the year ended June 30, 2024
(With Summarized Comparative Information For The Year Ended June 30, 2023)

<u>Personnel Service Costs</u>	<u>Regular Education</u>	<u>Special Education</u>	<u>Total Programs</u>	<u>Support Services</u>	<u>2024</u>	<u>2023</u>
Salaries						
Administrative Staff Personnel	\$ 200,164	\$ 125,102	\$ 325,266	\$ 175,143	\$ 500,409	\$ 479,640
Instructional Personnel	1,049,694	267,376	1,317,070	-	1,317,070	1,496,859
Non-Instructional Personnel	-	-	-	225,129	225,129	197,187
Total Personnel Costs	<u>1,249,858</u>	<u>392,478</u>	<u>1,642,336</u>	<u>400,272</u>	<u>2,042,608</u>	<u>2,173,686</u>
Fringe Benefits	169,011	53,073	222,084	23,684	245,768	284,399
Payroll Taxes	116,825	36,685	153,510	16,371	169,881	175,263
Retirement Benefits	41,316	12,974	54,290	5,790	60,080	66,790
Total Personnel and Related Expenses	<u>327,152</u>	<u>102,732</u>	<u>429,884</u>	<u>45,845</u>	<u>475,729</u>	<u>526,452</u>
<u>Operating Expenses</u>						
Consultants - Education (Note 5)	108,293	34,006	142,299	15,175	157,474	162,599
Insurance	39,931	12,539	52,470	5,595	58,065	71,894
Supplies and Materials	40,954	8,139	49,093	951	50,044	21,676
Technology	32,397	10,173	42,570	4,540	47,110	62,721
Occupancy	3,436	1,079	4,515	482	4,997	84,589
Utilities	-	-	-	-	-	29,982
Student Services	210,390	36,991	247,381	-	247,381	196,882
Staff Development	35,402	11,117	46,519	4,961	51,480	60,704
Marketing and Recruitment	33,249	9,818	43,067	4,028	47,095	46,605
Accounting and Audit Fees	-	-	-	135,000	135,000	155,700
Office Expenses	84,770	26,619	111,389	11,879	123,268	135,931
Maintenance and Repairs	1,054	331	1,385	148	1,533	66,048
Equipment and Furnishings	720	226	946	101	1,047	4,452
Depreciation	47,308	14,856	62,164	6,629	68,793	74,942
Other Expenses	22,989	7,219	30,208	3,221	33,429	39,656
Total Operating Expenses	<u>660,893</u>	<u>173,113</u>	<u>834,006</u>	<u>192,710</u>	<u>1,026,716</u>	<u>1,214,381</u>
TOTAL EXPENSES	<u>\$ 2,237,903</u>	<u>\$ 668,323</u>	<u>\$ 2,906,226</u>	<u>\$ 638,827</u>	<u>\$ 3,545,053</u>	<u>\$ 3,914,519</u>

Sisulu-Walker Charter School of Harlem, Inc.
Statement of Cash Flows
For the year ended June 30, 2024
(With Summarized Comparative Information For The Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Resident Student Enrollment	\$ 3,145,875	\$ 3,153,996
Receipts from Grants and Contributions	756,951	643,202
Receipts from Other Revenue	19,522	7,657
Payments to Employees	(2,633,018)	(2,611,617)
Payments to Vendors and Suppliers	(1,125,440)	(1,012,889)
Net Cash Provided by Operating Activities	163,890	180,349
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment, Furniture and Fixtures	(25,343)	(8,621)
Net Cash Used In Investing Activities	(25,343)	(8,621)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	138,547	171,728
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	513,641	341,913
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 652,188	\$ 513,641
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and Cash Equivalents	\$ 571,736	\$ 436,020
Cash in Escrow	80,452	77,621
Total Cash, Cash Equivalents and Restricted Cash	\$ 652,188	\$ 513,641

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 1 - ORGANIZATION

Sisulu-Walker Charter School of Harlem, Inc. (the "School") is a charter school for children located in Harlem, New York. In fiscal year 2014, the School operated grades kindergarten through fifth. It educates children in a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The School was chartered during August 1999 and the first classes were offered during the 1999-2000 school year. Charter was renewed in 2021 and extended thru August 9, 2026.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. The School's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the School at June 30, 2024 were considered to be net assets without donor restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all highly liquid investments available for current use with an initial period of three months or less to be cash equivalents.

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. As of June 30, 2024, the escrow account amounted to \$80,452.

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Exempt Status

The 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 School has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

The School files the Form 990 in the U.S. federal jurisdiction. With few exceptions, as of June 30, 2024, the School is no longer subject to U.S. Federal income tax examinations by tax authorities for the years ended prior to June 30, 2021. The tax returns for the years ended June 30, 2021 through June 30, 2023 are still subject to potential audit by the IRS. Management of the School believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits.

Leasehold Improvements Furniture and Fixtures, and Equipment

Leasehold improvements, furniture and equipment are valued at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets or the term of the lease agreement. Normal replacement and maintenance costs are charged to earnings as incurred, and major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss for the period. The School capitalizes assets with cost of \$500 and over. Depreciation is calculated based on the useful lives of the assets as follows: Leasehold Improvements 5 Years, Equipment and Furniture 3 - 7 Years.

Revenue Recognition and Receivables

The School recognizes revenue from grants, contracts and gifts in accordance with guidance under which the School evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the School applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the School evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the School is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of return.

The School's significant sources of revenue are contracts and grants from government agencies, and contributions. Grants and contributions received are recorded as without donor restrictions or with donor restrictions based on the nature of donor restrictions. Grants are recognized when the School incurs expenses related to the contract. Generally, the funds are not remitted until a voucher for the services provided or expenses incurred has been submitted for reimbursement. Funds received in advance of services provided or expenses incurred are recorded as deferred revenue.

Contributions are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from donor restriction. Donor restricted contributions and grants whose restrictions are met within the same year as received are reflected as contributions and grants without donor restrictions.

The School considers receivables to be fully collectible based on management's review of individual accounts outstanding. If collection becomes doubtful, an allowance for doubtful accounts will be established when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

Contributed services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A number of volunteers have made a contribution of their time to the School to develop academic and other programs and to serve on the board of trustees. The value of this contributed time is not reflected in the financial statements as such services either do not require specialized skills or would not typically be purchased had they not been provided as donations.

Functional Allocation of Expenses

Expenses relating to more than one function are allocated to program service and management and general based on employee time estimates or other appropriate usage factors.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting in use of cash.

Comparative Financial Information

The June 30, 2023 financial statements include certain prior year summarized comparative information in total but not by net asset class. As a result, the June 30, 2023 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2023 information should be read in conjunction with the School's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standard Board ("FASB") issued an Accounting Standard Update ("ASU") 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2022. The Organization adopted this pronouncement during the year ended June 30, 2023. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the lessee's statement of financial position and disclosing key information about leasing arrangements for leases classified as operating under the previous GAAP. Under this update, lessees should recognize in the consolidated statements of financial position an asset representing its right to use the underlying asset for the lease term and a liability related to future lease payments. The guidance is effective for fiscal years beginning after December 15, 2021. The School adopted this standard during the year ended June 30, 2023 but the adoption of this accounting standard did not have an impact on the School's financial position or changes in its net assets then. The School recorded a right-of-use asset and liability on the statement of financial position for the year ended June 30, 2024. See Note 7 for additional information.

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 3 – DUE FROM GOVERNMENT AGENCIES

Under the School's Charter School Agreement and the Charter School Act, the School is entitled to receive funding from both State and Federal sources that are available to public schools. These funds include State pupil enrollment funds and Federal food subsidies and Title I, IIA, IV, ESSER2, and ESSER3 funds. The calculation of the amounts to be paid to the School under these programs is determined by the State, and is based on complex laws and regulations, enrollment levels, and economic information related to the home school district of the children enrolled in the school. If these regulations, some of which are relatively new in the State of New York, were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly. As of June 30, 2024, \$313,949 is due from government agencies.

NOTE 4 – DEFINED CONTRIBUTION PLAN

The School offers a 401(k) plan (the "Plan") for substantially all of its employees. Employees are eligible for the plan immediately upon employment and participation in the Plan is voluntary. Employees may contribute up to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The School matches the employee contribution 100% up to 4% of the employee's annual compensation. The School's contribution recognized in the statement of activities was \$60,080 for 2024. The Plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the Plan's participants and beneficiaries.

NOTE 5 – CONSULTANTS - EDUCATION

In January 2007, the School entered into a Second Charter School Management Agreement with Victory Schools, Inc. (VSI) d/b/a Victory Education Partners (VEP) to provide services related to certain education and operational aspects of the School. Victory serves as an advisor regarding functions associated with the educational services to be provided to the students at the School and consults with the School with respect to its legal and operational compliance in accordance with the terms of the charter and the Charter School Act. VSI d/b/a BoostEd Finance and the School replaced that certain agreement with another agreement, effective July 1, 2020,. BoostEd shall provide the School with the services outlined on Statement of Work of the agreement. In exchange for the services, the School shall pay to BoostEd the service fee outlined on the Statement of Work.

NOTE 6 – SCHOOL FACILITY

The School has an agreement with the New York City Department of Education for dedicated space in building M223, located at 71-111 Convent Avenue, New York, NY. The School is responsible for any overtime-related costs for services provided beyond regular opening hours. These costs have been included in contracted service in the accompanying statement of functional expenses. The facility was provided to the School at no cost but the School must provide for continuing maintenance and operating expenses. The expenses are also included in maintenance & repairs in the accompanying statement of functional expenses.

NOTE 7 – LEASES

As a result of adopting ASU 2016-02, Leases (Topic 842) in fiscal year 2023, using the modified retrospective transition method, the School now recognizes right-of-use ("ROU") assets and lease liabilities for their operating leases. These new leases requirements were applied to those leasing arrangements with terms of more than twelve months since July 1, 2022, the ASC 842 adoption date. Amortization of right-of-use assets amounted to \$23,377 for the year ended June 30, 2024.

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 7 – LEASES (continuation)

The School entered into an operating lease agreement for equipment on August 1, 2023. The lease began on September 1, 2023 and expires on November 30, 2027.

The right-of-use asset and lease liability at June 30, 2024 are as follows:

Classification on the Statement of Financial Position	Assets	Liabilities
Operating Leases		
Operating lease right-of-use	\$ 107,738	
Operating lease right-of-use liability		\$ 43,020
current		
long-term		55,923
	\$ 107,738	\$ 98,943

Average lease terms and discount rates as of June 30, 2024 are as follows:

Weighted average remaining lease term (years):	
Operating Leases	3.42
Weighted average discount rate:	
Operating Leases	4.29%

The following maturity analysis presents expected undiscounted cash outflows under operating leases as of June 30, 2024.

Year	Operating Leases
2025	\$ 43,020
2026	43,020
2027	17,925
Total Undiscounted Cash Flows	103,965
Less: Present Value Discount	(5,022)
Total Lease Liabilities	\$ 98,943

NOTE 8 – CONTINGENCY

The School participates in a number of Federal and State programs. These programs require the School comply with certain requirements of laws, regulations, contracts, and agreements applicable to the program in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on the financial position or results of operations. Accordingly, no provision for such liability that may result has been made in the accompanying financial statements.

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2024

NOTE 9 – CONCENTRATIONS

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at major financial institutions which, at times may exceed the Federal Deposit Insurance Corporation insured limit of \$250,000 and Due from Government Agencies. Management believes that there is little risk in any losses and has not experienced any losses in such accounts. Management also believes that credit risk with respect to Due from Government Agencies is limited since the amounts are due from local and federal government programs.

The School is dependent on various government agencies for funding, and is responsible for meeting the requirements of such agencies. If the school was to lose students or the related government funding, it could have a substantial effect on its ability to continue operations.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

At June 30, 2024, the School has \$885,685 of financial assets to meet needs for general expenditures consisting of cash of \$571,736 and due from government agencies of \$313,949. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the School in the next 12 months.

In addition to financial assets available to meet general expenditures over the year, the School operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient tuition and other revenues.

NOTE 11 – SUBSEQUENT EVENTS

The School evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 24, 2024, for these financial statements.



**Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Trustees of
Sisulu-Walker Charter School of Harlem, Inc.
New York, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sisulu-Walker Charter School of Harlem, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sisulu-Walker Charter School of Harlem, Inc.'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 Sisulu-Walker Charter School of Harlem, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Sisulu-Walker Charter School of Harlem, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Vargas & Rivera, LLP

New City, New York

October 24, 2024