

BRONX CHARTER SCHOOL FOR EXCELLENCE

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2019

(With Comparative Totals for 2018)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bronx Charter School for Excellence

Report on the Financial Statements

We have audited the accompanying financial statements of Bronx Charter School for Excellence which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bronx Charter School for Excellence as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Bronx Charter School for Excellence's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019 on our consideration of Bronx Charter School for Excellence's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bronx Charter School for Excellence's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 22, 2019

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(With Comparative Totals for 2018)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 12,314,675	\$ 6,312,887
Grants and contracts receivable	943,191	1,425,882
Prepaid expenses	250,099	207,048
Due from related parties	298,803	282,337
TOTAL CURRENT ASSETS	<u>13,806,768</u>	<u>8,228,154</u>
<u>PROPERTY AND EQUIPMENT, net</u>	32,041,208	32,845,287
<u>OTHER ASSETS</u>		
Cash in escrow	225,000	150,000
Security deposits	9,185	9,185
Investments - restricted	3,029,107	2,981,991
	<u>3,263,292</u>	<u>3,141,176</u>
TOTAL ASSETS	<u>\$ 49,111,268</u>	<u>\$ 44,214,617</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of bonds payable	\$ 505,000	\$ 485,000
Accounts payable	317,541	481,876
Accrued expenses	575,482	406,422
Accrued payroll and benefits	1,094,985	782,444
Accrued construction retainage	-	86,147
Deferred revenue	258,391	39,753
Deferred lease incentive	-	2,427
Management fees due to charter management organization	731,852	567,568
TOTAL CURRENT LIABILITIES	<u>3,483,251</u>	<u>2,851,637</u>
<u>OTHER LIABILITIES</u>		
Bonds payable, net of unamortized bond issuance costs of \$994,074 and \$1,080,955, respectively	22,515,958	23,027,596
Reserve for payment of debt service	1,540,000	1,540,000
Deferred lease liability	697,217	552,578
	<u>24,753,175</u>	<u>25,120,174</u>
TOTAL LIABILITIES	<u>28,236,426</u>	<u>27,971,811</u>
<u>NET ASSETS, without donor restrictions</u>	<u>20,874,842</u>	<u>16,242,806</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 49,111,268</u>	<u>\$ 44,214,617</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	<u>Year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Revenue, gains and other support:		
Public school district		
Resident student enrollment	\$ 21,809,994	\$ 16,796,018
Students with disabilities	1,114,456	838,744
Grants and contracts:		
State and local	257,100	327,787
Federal - Title and IDEA	1,129,719	720,124
Federal - other	348,050	573,129
Food Service/Child Nutrition Program	467,487	473,517
NYC DOE Rental Assistance	<u>1,345,517</u>	<u>1,150,953</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	26,472,323	20,880,272
Expenses:		
Program:		
Regular education	17,511,569	13,806,892
Special education	<u>2,728,494</u>	<u>2,079,189</u>
TOTAL PROGRAM SERVICES	20,240,063	15,886,081
Management and general	1,615,421	994,369
Fundraising and special events	<u>25,120</u>	<u>436</u>
TOTAL OPERATING EXPENSES	<u>21,880,604</u>	<u>16,880,886</u>
SURPLUS FROM SCHOOL OPERATIONS	4,591,719	3,999,386
Support and other revenue:		
Contributions		
Corporations	-	198
Contributed services	-	11,307
Fundraising	-	30,250
Investment income	37,962	21,066
Miscellaneous income	<u>2,355</u>	<u>3,196</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>40,317</u>	<u>66,017</u>
CHANGE IN NET ASSETS	4,632,036	4,065,403
Net assets at beginning of year	<u>16,242,806</u>	<u>12,177,403</u>
NET ASSETS AT END OF YEAR	<u>\$ 20,874,842</u>	<u>\$ 16,242,806</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	Year ended June 30,								
	2019						2018		
	No. of Positions	Program Services			Supporting Services			Total	Total
Regular Education		Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total			
Personnel Services Costs:									
Administrative staff personnel	14	\$ 812,977	\$ 129,767	\$ 942,744	\$ 343,205	\$ 11,724	\$ 354,929	\$ 1,297,673	\$ 621,709
Instructional personnel	63	4,440,683	612,861	5,053,544	-	-	-	5,053,544	3,747,075
Non-instructional personnel	8	1,762,041	402,856	2,164,897	169,424	-	169,424	2,334,321	1,083,247
Total salaries and wages	85	7,015,701	1,145,484	8,161,185	512,629	11,724	524,353	8,685,538	5,452,031
Payroll taxes and employee benefits		1,746,213	296,028	2,042,241	138,686	2,872	141,558	2,183,799	1,443,344
Professional development		38,820	6,508	45,328	2,070	45	2,115	47,443	14,100
Legal fees		-	-	-	16,387	-	16,387	16,387	21,433
Audit/accounting fees		-	-	-	31,530	-	31,530	31,530	32,730
Professional services		1,438,303	210,448	1,648,751	125,928	1,475	127,403	1,776,154	1,500,629
Student and staff recruitment		30,918	4,626	35,544	1,574	36	1,610	37,154	22,519
Curriculum and classroom supplies		609,988	53,411	663,399	-	-	-	663,399	527,033
Office expenses		211,663	34,669	246,332	15,021	343	15,364	261,696	249,065
Food service		393,219	46,828	440,047	-	-	-	440,047	579,783
Student services		142,542	18,142	160,684	-	-	-	160,684	92,129
Insurance		-	-	-	156,216	-	156,216	156,216	120,936
Building and Land Rent / Lease		1,116,144	175,284	1,291,428	110,470	2,530	113,000	1,404,428	1,391,727
Utilities		262,610	42,753	305,363	19,778	454	20,232	325,595	282,769
Non-capitalized equipment and furnishings		106,831	6,795	113,626	3,404	182	3,586	117,212	119,943
Repairs and maintenance		273,712	44,859	318,571	19,559	447	20,006	338,577	445,425
Depreciation and amortization		893,957	111,744	1,005,701	111,744	-	111,744	1,117,445	1,015,524
Interest expense		888,457	148,905	1,037,362	134,338	1,037	135,375	1,172,737	1,203,446
Management fees		2,338,856	381,404	2,720,260	173,251	3,970	177,221	2,897,481	2,244,243
Other		3,635	606	4,241	42,836	5	42,841	47,082	122,077
		\$ 17,511,569	\$ 2,728,494	\$ 20,240,063	\$ 1,615,421	\$ 25,120	\$ 1,640,541	\$ 21,880,604	\$ 16,880,886

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	<u>Year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 4,632,036	\$ 4,065,403
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,117,445	1,015,524
Bond premium amortization	(93,519)	(93,269)
Amortization of bond issuance costs included in interest expense	86,881	100,564
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	482,691	(888,634)
Prepaid expense	(43,051)	(132,614)
Due to/from related parties	(16,466)	169,733
Accounts payable	(184,335)	753
Accrued expenses	169,060	12,201
Accrued payroll and benefits	312,541	295,080
Deferred revenue	218,638	35,692
Deferred lease incentive	(2,427)	(4,160)
Management fees due to charter management organization	164,284	(1,266,916)
Deferred lease liability	144,639	406,709
	<u>6,988,417</u>	<u>3,716,066</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	6,988,417	3,716,066
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(379,513)	(532,445)
Increase in cash in escrow	(75,000)	(50,000)
Purchases of investments	(47,116)	(409,471)
	<u>(501,629)</u>	<u>(991,916)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(501,629)	(991,916)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayments of bonds payable	(485,000)	(470,000)
	<u>(485,000)</u>	<u>(470,000)</u>
NET CASH USED FOR FINANCING ACTIVITIES	(485,000)	(470,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,001,788	2,254,150
Cash and cash equivalents at beginning of year	6,312,887	4,058,737
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 12,314,675</u>	<u>\$ 6,312,887</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	<u>Year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	<u>\$ 1,090,706</u>	<u>\$ 1,106,857</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable	<u>\$ 20,000</u>	<u>\$ 205,931</u>
Reduction of property and equipment via release of accrued construction retainage	<u>\$ 86,147</u>	<u>\$ -</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(With Comparative Totals for 2018)

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

The Charter School

Bronx Charter School for Excellence (the “Charter School”) is an educational corporation operating as a charter school in the borough of the Bronx, New York. On April 29, 2003, the Board of Regents of the University of the State of New York granted Bronx Charter School for Excellence (“Bronx Excellence 1”) a provisional charter valid for a term of five years and renewable upon expiration. In March 2009, January 2014 and March 2019, Bronx Excellence 1 was awarded a full-term, five-year charter renewal through July 31, 2024. Bronx Excellence 1 was established to prepare young people from New York City to compete for admission to, and succeed in, top public, private and parochial schools by cultivating their intellectual, artistic, social, emotional and ethical development. Bronx Excellence 1 offers a challenging and rigorous academic curriculum which, at the earliest of grades, has an eye towards college preparation for grades first through eighth.

On November 2, 2015, the Board of Regents of the University of the State of New York amended the charter agreement permitting an additional school to be opened by the Charter School. During the 2016 fiscal year, the Charter School added Bronx Charter School for Excellence 2 (“Bronx Excellence 2”) under its expanded charter. Bronx Excellence 2 has the authority to operate through July 31, 2021. Bronx Excellence 2 was established to provide its students with a solid foundation for academic success, through achievement that exceeds citywide averages and meets or exceeds New York State Standards and national norms in all curriculum areas tested, especially in mathematics and language arts.

On March 24, 2017, the Board of Regents of the University of the State of New York amended the charter agreement permitting an additional 3 schools to be opened by the Charter School, Bronx Charter School for Excellence 3, 4, and 5. Bronx Excellence 5 has not yet opened. These three charter schools have authority to operate through July 31, 2022. These charter schools were established to provide its students with a solid foundation for academic success, through achievement that exceeds citywide averages and meets or exceeds New York State Standards and national norms in all curriculum areas tested, especially in mathematics and language arts.

The accompanying financial statements include the accounts of Bronx Excellence 1, Bronx Excellence 2, Bronx Excellence 3 and Bronx Excellence 4 (collectively referred to as the “Charter School”). All intercompany balances and transactions have been eliminated in the accompanying financial statements.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

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

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2019 or 2018.

Revenue and support recognition

Revenue from state and local governments resulting from the Charter School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the Charter School when qualifying expenditures are incurred and billable or requirements of the grant are met.

Contributions are recognized as revenue in the year the pledge is received and documented.

Contributions

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

Cash and cash equivalents

Cash and cash equivalent balances are maintained at financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. The Charter School considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of money market accounts. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

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

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$225,000 and \$150,000 at June 30, 2019 and 2018, respectively.

Grants and contracts receivable

Grants and contracts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2019 or 2018.

Property and equipment

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

Bond issuance costs

Bond issuance costs, which consist of deferred financing charges, are stated at cost and are amortized over the term of the bonds which vary from 5 to 30 years through various dates up to April 2043. The Charter School shows bond issuance costs as a deduction from the carrying amount of bonds payable, net on the accompanying statement of financial position.

Deferred lease incentive

The Charter School leases its office equipment. The lease escalated the original lease payments and caused a buy-out from the prior lease. In accordance with GAAP, the Charter School recognizes the related buy-out credit on a straight-line basis and records the difference between the recognized lease credit and the amounts receivable under the lease as a deferred lease incentive.

Deferred revenue

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

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

Deferred lease liability

The Charter School leases certain facilities. The leases contain pre-determined fixed escalation of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis over the lease term and records the difference between the recognized rental expense and the amounts payable under the leases as a deferred lease liability.

Investments - restricted

Restricted investments consist of cash equivalents held for debt service and capitalized interest.

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

Tax exempt status

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

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2016 through June 30, 2019 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Contributed services

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

The Charter School received contributed legal services which were valued at \$11,307 for the year ended June 30, 2018. These amounts are included in contributed services in the accompanying statement of activities and changes in net assets. There were no contributed legal services received for the year ended June 30, 2019.

In-kind contributions

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

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$37,200 and \$22,500 for the years ended June 30, 2019 and 2018, respectively.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

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

Comparatives for year ended June 30, 2018

The financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Change in accounting principle

During August 2016 FASB issued Accounting Standards Update No. 2016-14 "*Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*". The main provisions of ASU 2016-14 require a Not-For-Profit (NFP) to:

- 1) Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than three classes. That is, an NFP will report amounts for *net assets with donor restrictions* and *net assets without donor restrictions*, as well as the currently required amount for total net assets.
- 2) Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item 1) rather than that of the required three classes as in prior years. An NFP would continue to report the currently required amount of the change in total net assets for the period.
- 3) Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.
- 4) Provide enhanced disclosures about:
 - a) Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
 - b) Qualitative information that communicates how a NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.
 - c) Quantitative information, and additional qualitative information, that communicates the availability of an NFP's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by Board of Trustee decisions.
 - d) Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location.
 - e) Method(s) used to allocate costs among program and support functions.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

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

ASU 2016-14 is effective for financial statements beginning after December 15, 2017 and was applied retrospectively except for disclosures regarding liquidity and availability of resources, which are presented only for the current year. There was no effect on total assets or changes in net assets. The Charter School has adopted the amendments effective July 1, 2018.

New accounting pronouncements

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School’s financial position or results of operations.

Leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the guidance in this new standard is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. There has been an exposure draft proposed that would delay this ASU from the initial timetable and, if passed, will take effect for fiscal years beginning after December 15, 2020, and for interim periods with fiscal years beginning after December 15, 2021. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School’s financial position or results of operations.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 22, 2019, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted, except as disclosed in Note D.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a surplus budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash and shows positive cash generated by operations for fiscal year 2019.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2019:

	<u>Amount</u>
Cash and cash equivalents	\$ 12,314,675
Grants and contracts receivable	943,191
Due from related parties	<u>298,803</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 13,556,669</u>

NOTE C: RELATED PARTY TRANSACTIONS

Excellence Community Schools, Inc. ("Excellence"), a not-for-profit organization dedicated to helping start and run charter schools, provides management and other administrative support services to the Charter School. The Charter School entered into an educational services agreement with Excellence effective July 1, 2016 through June 30, 2021 whereby Excellence will provide the Charter School with services related to education and instruction, business operations, human resources and employment. In turn, Excellence shall be paid a fee equal to 13% of all public revenues received by the Charter School during the fiscal year. The Charter School incurred fees of approximately \$2,897,000 and \$2,244,000 for the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019 and 2018, approximately \$732,000 and \$568,000, respectively, of fees were accrued in management fees due to charter management organization on the accompanying statement of financial position.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE C: RELATED PARTY TRANSACTIONS, Cont'd

Approximately \$293,000 and \$125,000 is due to the Charter School from Excellence for expenses that are to be reimbursed by Excellence after June 30, 2019 and 2018, respectively. Approximately \$24,000 is due to Excellence from the Charter School for expenses that are to be reimbursed by Excellence subsequent to June 30, 2018. Approximately \$93,000 of grant funding is due from Excellence to the Charter School at June 30, 2018. These amounts are included in due from related parties on the accompanying statement of financial position at June 30, 2019 and 2018. In addition, the Charter School formalized sub-lease agreements for two facilities with Excellence. See Note D for more details.

Stamford Charter School for Excellence (“Stamford”) is an educational corporation that operates as a charter school in Stamford, Connecticut. Approximately \$14,000 is due to the Charter School from Stamford for expenses that are to be reimbursed by Stamford after June 30, 2019. Approximately \$6,400 is due to Stamford from the Charter School for expenses that are to be reimbursed by the Charter School subsequent to June 30, 2018. These amounts are included in due from related parties on the accompanying statement of financial position at June 30, 2019 and 2018.

NOTE D: SCHOOL FACILITIES

The Charter School leases the facility for the Bronx Excellence 2 location. Effective July 1, 2016, the Charter School assigned the lease to Excellence. The sub-lease agreement between the Charter School and Excellence was finalized February 7, 2018 under the same terms of the original lease agreement. The lease term is through June 30, 2021. The Charter School’s base rent for the year ended June 30, 2019 was approximately \$28,900 per month. The lease will have escalating payments throughout the term.

In September 2017, the Charter School commenced the process to enter into a sub-lease agreement with Excellence for the facility for the Bronx Excellence 3 location. The sub-lease agreement was finalized as of February 7, 2018. The term of the lease began August 9, 2017 and goes through July 31, 2032. For the year ended June 30, 2019, Bronx Excellence 4 was co-located with Bronx Excellence 3 at this location. The Charter School’s base rent for the year ended June 30, 2019 was approximately \$85,500 per month. The lease will have escalating payments throughout the term.

In July 2019, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 5 location. The term of the lease begins July 1, 2019 and goes through June 30, 2029. The Charter School’s base rent for the year ended June 30, 2019 was approximately \$83,700 per month. The lease will have escalating payments throughout the term.

Total rental expense was approximately \$1,404,000 and \$1,392,000 for the years ended June 30, 2019 and 2018, respectively.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE D: SCHOOL FACILITIES, Cont'd

Future expected minimum payments of these leases are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 2,406,569
2021	2,500,383
2022	2,244,059
2023	2,343,514
2024	2,402,288
Thereafter	<u>17,193,575</u>
	<u>\$ 29,090,388</u>

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 914,772	\$ 914,772
Buildings	33,258,453	33,318,151
Furniture and fixtures	504,534	441,771
Computers and equipment	1,191,325	951,409
Software	12,661	12,661
Leasehold improvements	1,081,991	1,011,606
Construction in progress	<u>30,105</u>	<u>30,105</u>
	36,993,841	36,680,475
Less accumulated depreciation and amortization	<u>4,952,633</u>	<u>3,835,188</u>
	<u>\$ 32,041,208</u>	<u>\$ 32,845,287</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE E: PROPERTY AND EQUIPMENT, Cont'd

No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Total depreciation and amortization expense was \$1,117,445 and \$1,015,524 for the years ended June 30, 2019 and 2018, respectively.

NOTE F: OPERATING LEASES AND COMMITMENTS

During January 2014, the Charter School canceled its lease of office equipment under a lease agreement that would have expired March 2016. The Charter School entered into a new lease for office equipment under a non-cancelable lease agreement at a monthly cost of \$2,578 that expired in February 2019. Associated with this lease, the Charter School received a buy-out for the remaining payments for its prior lease totaling \$20,800. The Charter School recorded the total buy-out amount as a deferred lease incentive and recognized approximately \$350 per month for the duration of the lease as other income. The Charter School recognized approximately \$2,430 and \$4,160 for the years ended June 30, 2019 and 2018, respectively.

The Charter School leases office equipment under non-cancelable lease agreements at a monthly cost of approximately \$14,800 that will expire at various dates through December 2026.

The future minimum payments on these agreements are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 171,000
2021	170,000
2022	110,000
2023	82,000
2024	58,000
Thereafter	39,000
	<u>\$ 630,000</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE G: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2019 or 2018 :

Cash and cash equivalents, commercial paper, and money market funds: Fair value equals cost.

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE G: FAIR VALUE MEASUREMENTS, Cont'd

The following table sets forth by level, within the fair value hierarchy; the Charter School's restricted investment assets measured at fair value on a recurring basis as of June 30, 2019 and 2018:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>June 30, 2019:</u>				
Money market	\$ 2,950,280	\$ -	\$ -	\$ 2,950,280
Commercial paper	-	78,827	-	78,827
Total assets at fair value	<u>\$ 2,950,280</u>	<u>\$ 78,827</u>	<u>\$ -</u>	<u>\$ 3,029,107</u>
 <u>June 30, 2018:</u>				
Money market	\$ 2,903,397	\$ -	\$ -	\$ 2,903,397
Commercial paper	-	78,594	-	78,594
Total assets at fair value	<u>\$ 2,903,397</u>	<u>\$ 78,594</u>	<u>\$ -</u>	<u>\$ 2,981,991</u>

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

NOTE H: BONDS PAYABLE

During April 2013, Build NYC Resource Corporation issued \$23,310,000 in principal amount of Tax-Exempt Fixed Rate Revenue Bonds ("Series A") and \$690,000 in principal amount of Taxable Fixed Rate Revenue Bonds ("Series B"). Proceeds from the sale included a premium of \$2,111,744, which is being amortized over the life of the bond issue. The proceeds of the bonds were made available to the Charter School pursuant to a special agreement with Build NYC Resource Corporation. The remaining proceeds were used to construct additional schools and for renovation of the current school facilities.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE H: BONDS PAYABLE, Cont'd

Revenue bonds outstanding as of June 30, 2019 and 2018:

<u>Year</u>	<u>Series A</u>		<u>Series B</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest Rate</u>	
Bond payable	\$ 22,930,000	3% - 5.5%	\$ -	5%	\$ 22,930,000
Unamortized bond premium	1,663,551		-		1,663,551
Unamortized bond issuance costs	<u>(1,080,955)</u>		<u>-</u>		<u>(1,080,955)</u>
Balance at June 30, 2018	<u>\$ 23,512,596</u>		<u>\$ -</u>		<u>\$ 23,512,596</u>
2020	\$ 505,000	3%	\$ -		\$ 505,000
2021	525,000	4%	-		525,000
2022	545,000	4%	-		545,000
2023	570,000	4%	-		570,000
2024	590,000	4%	-		590,000
Thereafter	<u>19,710,000</u>	4% - 5.5%	<u>-</u>		<u>19,710,000</u>
Bond payable	22,445,000		-		22,445,000
Unamortized bond premium	1,570,032		-		1,570,032
Unamortized bond issuance costs	<u>(994,074)</u>		<u>-</u>		<u>(994,074)</u>
Balance at June 30, 2019	<u>\$ 23,020,958</u>		<u>\$ -</u>		<u>\$ 23,020,958</u>

Principal payments for the Series A bonds are due annually, as indicated, on April 1. Payments of \$485,000 were made during the year ended June 30, 2019 toward the Series A bonds. Payments of \$380,000 and \$90,000 were made during the year ended June 30, 2018 toward the Series A and Series B bonds, respectively.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE H: BONDS PAYABLE, Cont'd

The Series A bonds are subject to optional redemption, in whole or in part, at the option of the Issuer at the request of the Charter School on April 1, 2023 or any business day thereafter. The bonds maturing in 2033 and 2043 are subject to mandatory sinking fund installments beginning in 2024 and 2034, respectively.

The Series B bonds had a stated rate and maturity of 5% in 2018. The bonds were subject to mandatory sinking fund installments beginning in 2016.

The bonds are secured by the assets and certain revenue of the Charter School. Additionally, the Charter School Financing Partnership, an organization established to provide access to secondary market financing for charter schools that serve disadvantaged students and communities, has provided funds amounting to \$1,540,000 to be held by the trustee in a Debt Reserve account as additional security. This amount is included in restricted investments in the statement of financial position. The Charter School is obligated to pay an annual fee equal to 0.14% of the bonds outstanding principal amount as of March 31st each year, for the use of these funds as security. The funds are to be repaid to the Charter School Financing Partnership upon expiration of the bonds.

In accordance with the loan agreement, the proceeds from the sale of the revenue bonds were placed in a Project Fund, maintained by U.S. Bank. The trustee is to use the monies in this fund to make payments to or on behalf of the Charter School to pay for the costs of the project upon receipt of written requisitions. Any monies remaining in the Project Fund will be transferred to the Redemption Account of the Bond Fund, to be applied by the trustees towards the redemption of the bonds. At June 30, 2019 and 2018, the unexpended balance was \$78,827 and \$78,594, which is included in restricted investments.

The Charter School is subject to certain loan covenants which require the Charter School to maintain specified cash on hand, debt service coverage ratio and limitations on further indebtedness. The Charter School is in compliance with all loan covenants as of June 30, 2019 and 2018.

Total issuance costs of approximately \$1,621,000 are being amortized over the life of the bonds. Amortization expense of \$86,881 and \$100,564 was recorded and is recognized in interest expense for the years ended June 30, 2019 and 2018, respectively. The Charter School incurred net interest expense of \$1,085,856 and \$1,102,882 for the years ended June 30, 2019 and 2018, respectively which is recognized in the statement of activities and changes in net assets.

NOTE I: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering all eligible employees. The Charter School matches up to 5% of each employee's annual compensation not to exceed the employee's salary deferral amount. The Charter School may also elect to make additional contributions to the plan on a discretionary basis. The Charter School made contributions of approximately \$130,300 and \$56,500 for the years ended June 30, 2019 and 2018, respectively.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE J: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE K: CONCENTRATIONS

At June 30, 2019, approximately 98% of grants and contracts receivable are due from the Federal government, relating to certain grants. For the year ended June 30, 2019, 86% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

At June 30, 2018, approximately 29% of grants and contracts receivables are due from New York State relating to certain grants. For the year ended June 30, 2018, 84% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located

NOTE L: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2019</u>	<u>2018</u>
Undesignated	\$ 13,394,592	\$ 8,450,115
Invested in property and equipment, net of related debt	<u>7,480,250</u>	<u>7,792,691</u>
	<u>\$ 20,874,842</u>	<u>\$ 16,242,806</u>

NOTE M: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

BRONX CHARTER SCHOOL FOR EXCELLENCE

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Bronx Charter School for Excellence

We have audited the financial statements of Bronx Charter School for Excellence as of and for the year ended June 30, 2019, and have issued our report thereon dated October 22, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2019, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 22, 2019

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF ACTIVITIES BY CHARTER

YEAR ENDED JUNE 30, 2019

	<u>Bronx Excellence 1</u>	<u>Bronx Excellence 2</u>	<u>Bronx Excellence 3</u>	<u>Bronx Excellence 4</u>	<u>Total</u>
Revenue, gains and other support:					
Public school district					
Resident student enrollment	\$ 12,711,909	\$ 3,746,771	\$ 3,689,781	\$ 1,661,533	\$ 21,809,994
Students with disabilities	755,077	187,269	96,980	75,130	1,114,456
Grants and contracts:					
State and local	61,814	18,266	18,302	158,718	257,100
Federal - Title and IDEA	640,670	286,227	146,248	56,574	1,129,719
Federal - other	89,435	21,672	126,767	110,176	348,050
Food service / Child nutrition program	467,487	-	-	-	467,487
NYC DOE Rental Assistance	-	346,800	665,810	332,907	1,345,517
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>14,726,392</u>	<u>4,607,005</u>	<u>4,743,888</u>	<u>2,395,038</u>	<u>26,472,323</u>
Expenses:					
Program:					
Regular education	10,621,429	2,568,815	2,952,858	1,368,467	17,511,569
Special education	1,663,778	395,626	460,509	208,581	2,728,494
TOTAL PROGRAM EXPENSES	<u>12,285,207</u>	<u>2,964,441</u>	<u>3,413,367</u>	<u>1,577,048</u>	<u>20,240,063</u>
Management and general	819,034	323,407	347,036	125,944	1,615,421
Fundraising and special events	10,067	7,291	5,508	2,254	25,120
TOTAL OPERATING EXPENSES	<u>13,114,308</u>	<u>3,295,139</u>	<u>3,765,911</u>	<u>1,705,246</u>	<u>21,880,604</u>
SURPLUS FROM SCHOOL OPERATIONS	1,612,084	1,311,866	977,977	689,792	4,591,719
Support and other revenue:					
Investment income	37,962	-	-	-	37,962
Miscellaneous income	2,340	15	-	-	2,355
TOTAL SUPPORT AND OTHER REVENUE	<u>40,302</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>40,317</u>
CHANGE IN NET ASSETS	1,652,386	1,311,881	977,977	689,792	4,632,036
Net assets at beginning of year	13,858,893	2,181,882	202,031	-	16,242,806
NET ASSETS AT END OF YEAR	<u>\$ 15,511,279</u>	<u>\$ 3,493,763</u>	<u>\$ 1,180,008</u>	<u>\$ 689,792</u>	<u>\$ 20,874,842</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 1

YEAR ENDED JUNE 30, 2019

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel Services Costs:								
Administrative staff personnel	9	\$ 342,454	\$ 54,401	\$ 396,855	\$ 142,129	\$ 5,032	\$ 147,161	\$ 544,016
Instructional personnel	35	2,823,616	433,187	3,256,803	-	-	-	3,256,803
Non-instructional personnel	2	1,142,979	234,605	1,377,584	88,042	-	88,042	1,465,626
Total salaries and wages	46	4,309,049	722,193	5,031,242	230,171	5,032	235,203	5,266,445
Payroll taxes and employee benefits		934,097	156,554	1,090,651	49,896	1,090	50,986	1,141,637
Professional development		38,920	6,524	45,444	2,079	45	2,124	47,568
Legal fees		-	-	-	4,432	-	4,432	4,432
Audit/accounting fees		-	-	-	18,230	-	18,230	18,230
Professional services		805,772	122,537	928,309	38,494	640	39,134	967,443
Student and staff recruitment		16,938	2,839	19,777	905	20	925	20,702
Curriculum and classroom supplies		289,831	16,016	305,847	-	-	-	305,847
Office expenses		139,628	23,402	163,030	7,459	164	7,623	170,653
Food service		393,219	46,828	440,047	-	-	-	440,047
Student services		119,796	14,213	134,009	-	-	-	134,009
Insurance		-	-	-	87,825	-	87,825	87,825
Building and Land Rent / Lease		521	88	609	28	-	28	637
Utilities		149,695	25,088	174,783	7,996	175	8,171	182,954
Non-capitalized equipment and furnishings		79,083	4,382	83,465	1,043	23	1,066	84,531
Repairs and maintenance		180,254	30,211	210,465	9,629	210	9,839	220,304
Depreciation and amortization		879,987	109,998	989,985	109,998	-	109,998	1,099,983
Interest expense		888,457	148,905	1,037,362	134,338	1,037	135,375	1,172,737
Management fees		1,392,943	233,457	1,626,400	74,406	1,627	76,033	1,702,433
Other		3,239	543	3,782	42,105	4	42,109	45,891
		<u>\$ 10,621,429</u>	<u>\$ 1,663,778</u>	<u>\$ 12,285,207</u>	<u>\$ 819,034</u>	<u>\$ 10,067</u>	<u>\$ 829,101</u>	<u>\$ 13,114,308</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 2

YEAR ENDED JUNE 30, 2019

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel Services Costs:								
Administrative staff personnel	2	\$ 245,165	\$ 39,311	\$ 284,476	\$ 105,161	\$ 3,472	\$ 108,633	\$ 393,109
Instructional personnel	8	638,590	70,954	709,544	-	-	-	709,544
Non-instructional personnel	1	216,976	60,905	277,881	30,106	-	30,106	307,987
Total salaries and wages	11	1,100,731	171,170	1,271,901	135,267	3,472	138,739	1,410,640
Payroll taxes and employee benefits		299,191	46,526	345,717	36,767	944	37,711	383,428
Professional development		17	3	20	2	-	2	22
Legal fees		-	-	-	122	-	122	122
Audit/accounting fees		-	-	-	5,398	-	5,398	5,398
Professional services		278,907	41,578	320,485	23,821	488	24,309	344,794
Student and staff recruitment		3,636	565	4,201	447	11	458	4,659
Curriculum and classroom supplies		109,090	15,387	124,477	-	-	-	124,477
Office expenses		30,571	4,754	35,325	3,757	96	3,853	39,178
Student services		16,336	2,304	18,640	-	-	-	18,640
Insurance		-	-	-	27,717	-	27,717	27,717
Building and Land Rent / Lease		244,914	38,085	282,999	30,097	773	30,870	313,869
Utilities		45,615	7,093	52,708	5,606	144	5,750	58,458
Non-capitalized equipment and furnishings		2,360	358	2,718	218	6	224	2,942
Repairs and maintenance		42,070	6,542	48,612	5,170	133	5,303	53,915
Depreciation and amortization		7,305	913	8,218	913	-	913	9,131
Management fees		388,072	60,348	448,420	47,689	1,224	48,913	497,333
Other		-	-	-	416	-	416	416
		<u>\$ 2,568,815</u>	<u>\$ 395,626</u>	<u>\$ 2,964,441</u>	<u>\$ 323,407</u>	<u>\$ 7,291</u>	<u>\$ 330,698</u>	<u>\$ 3,295,139</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 3

YEAR ENDED JUNE 30, 2019

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel Services Costs:								
Administrative staff personnel	2	\$ 155,560	\$ 24,866	\$ 180,426	\$ 65,999	\$ 2,231	\$ 68,230	\$ 248,656
Instructional personnel	14	633,902	70,434	704,336	-	-	-	704,336
Non-instructional personnel	2	297,086	77,346	374,432	36,276	-	36,276	410,708
Total salaries and wages	18	1,086,548	172,646	1,259,194	102,275	2,231	104,506	1,363,700
Payroll taxes and employee benefits		331,732	57,326	389,058	32,999	606	33,605	422,663
Professional development		(105)	(17)	(122)	(10)	-	(10)	(132)
Legal fees		-	-	-	9,850	-	9,850	9,850
Audit/accounting fees		-	-	-	5,398	-	5,398	5,398
Professional services		268,173	34,516	302,689	58,377	232	58,609	361,298
Student and staff recruitment		8,320	939	9,259	92	2	94	9,353
Curriculum and classroom supplies		89,617	9,563	99,180	-	-	-	99,180
Office expenses		28,705	4,561	33,266	2,702	59	2,761	36,027
Student services		3,927	981	4,908	-	-	-	4,908
Insurance		-	-	-	27,717	-	27,717	27,717
Building and Land Rent / Lease		659,795	104,837	764,632	62,105	1,355	63,460	828,092
Utilities		46,576	7,401	53,977	4,384	96	4,480	58,457
Non-capitalized equipment and furnishings		2,620	58	2,678	831	59	890	3,568
Repairs and maintenance		41,338	6,568	47,906	3,891	85	3,976	51,882
Depreciation and amortization		4,166	521	4,687	521	-	521	5,208
Management fees		381,050	60,546	441,596	35,867	782	36,649	478,245
Other		396	63	459	37	1	38	497
		<u>\$ 2,952,858</u>	<u>\$ 460,509</u>	<u>\$ 3,413,367</u>	<u>\$ 347,036</u>	<u>\$ 5,508</u>	<u>\$ 352,544</u>	<u>\$ 3,765,911</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 4

YEAR ENDED JUNE 30, 2019

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel Services Costs:								
Administrative staff personnel	1	\$ 69,798	\$ 11,189	\$ 80,987	\$ 29,916	\$ 989	\$ 30,905	\$ 111,892
Instructional personnel	6	344,575	38,286	382,861	-	-	-	382,861
Non-instructional personnel	3	105,000	30,000	135,000	15,000	-	15,000	150,000
Total salaries and wages	10	519,373	79,475	598,848	44,916	989	45,905	644,753
Payroll taxes and employee benefits		181,193	35,622	216,815	19,024	232	19,256	236,071
Professional development		(12)	(2)	(14)	(1)	-	(1)	(15)
Legal fees		-	-	-	1,983	-	1,983	1,983
Audit/accounting fees		-	-	-	2,504	-	2,504	2,504
Professional services		85,451	11,817	97,268	5,236	115	5,351	102,619
Student and staff recruitment		2,024	283	2,307	130	3	133	2,440
Curriculum and classroom supplies		121,450	12,445	133,895	-	-	-	133,895
Office expenses		12,759	1,952	14,711	1,103	24	1,127	15,838
Student services		2,483	644	3,127	-	-	-	3,127
Insurance		-	-	-	12,957	-	12,957	12,957
Building and Land Rent / Lease		210,914	32,274	243,188	18,240	402	18,642	261,830
Utilities		20,724	3,171	23,895	1,792	39	1,831	25,726
Non-capitalized equipment and furnishings		22,768	1,997	24,765	1,312	94	1,406	26,171
Repairs and maintenance		10,050	1,538	11,588	869	19	888	12,476
Depreciation and amortization		2,499	312	2,811	312	-	312	3,123
Management fees		176,791	27,053	203,844	15,289	337	15,626	219,470
Other		-	-	-	278	-	278	278
		<u>\$ 1,368,467</u>	<u>\$ 208,581</u>	<u>\$ 1,577,048</u>	<u>\$ 125,944</u>	<u>\$ 2,254</u>	<u>\$ 128,198</u>	<u>\$ 1,705,246</u>