

**CHARTER HIGH SCHOOL FOR LAW AND
SOCIAL JUSTICE**

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020
(With Comparative Totals for 2019)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Charter High School for Law and Social Justice

Report on the Financial Statements

We have audited the accompanying financial statements of Charter High School for Law and Social Justice, which comprise the statement of financial position as of June 30, 2020, and the related statement 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 Charter High School for Law and Social Justice as of June 30, 2020, 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 Charter High School for Law and Social Justice's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statement in our report dated October 29, 2019. In our opinion, the summarized comparative information presented herein as of June 30, 2019 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 13, 2020 on our consideration of Charter High School for Law and Social Justice'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 Charter High School for Law and Social Justice's internal control over financial reporting and compliance.

Emphasis of Matters with Respect to Change of Accounting Methods

As discussed in Note A to the financial statements, in 2020, Charter High School for Law and Social Justice adopted new accounting guidance for recognition of revenue, contributions received and statement of cash flows presentation. Our opinion is not modified with respect to these matters.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 13, 2020

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 2,992,175	\$ 1,447,410
Grants and other receivables	248,982	161,312
Prepaid expenses and other current assets	<u>169,288</u>	<u>112,467</u>
TOTAL CURRENT ASSETS	3,410,445	1,721,189
<u>PROPERTY AND EQUIPMENT</u> , net	622,466	614,027
<u>CASH IN ESCROW</u>	<u>75,605</u>	<u>75,472</u>
TOTAL ASSETS	<u>\$ 4,108,516</u>	<u>\$ 2,410,688</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 315,740	\$ 214,970
Accrued payroll and benefits	429,677	309,951
Current portion of Paycheck Protection Program note payable	355,034	-
Deferred revenue	<u>-</u>	<u>22,933</u>
TOTAL CURRENT LIABILITIES	1,100,451	547,854
<u>OTHER LIABILITIES</u>		
Non-current portion of Paycheck Protection Program note payable	569,443	-
Deferred lease liability	<u>313,394</u>	<u>201,718</u>
TOTAL OTHER LIABILITIES	<u>882,837</u>	<u>201,718</u>
TOTAL LIABILITIES	1,983,288	749,572
<u>NET ASSETS</u> - without donor restrictions	<u>2,125,228</u>	<u>1,661,116</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,108,516</u>	<u>\$ 2,410,688</u>

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

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue and support:		
State and local per pupil operating revenue		
Resident student enrollment	\$ 7,166,784	\$ 6,486,307
Students with disabilities	980,816	395,128
NYC DoE rental assistance	1,904,860	1,346,000
Government grants	385,545	347,747
Private grants	-	17,800
Fundraising	-	5,641
Contributed services	-	33,300
Interest income	133	188
	<u>133</u>	<u>188</u>
TOTAL OPERATING REVENUE AND SUPPORT	10,438,138	8,632,111
Expenses:		
Program:		
Regular education	6,877,974	6,119,058
Special education	1,622,951	1,158,325
Management and general	1,473,101	1,107,579
Fundraising and special events	-	104,113
	<u>-</u>	<u>104,113</u>
TOTAL EXPENSES	9,974,026	8,489,075
CHANGE IN NET ASSETS	464,112	143,036
Net assets at beginning of year	1,661,116	1,518,080
NET ASSETS AT END OF YEAR	<u>\$ 2,125,228</u>	<u>\$ 1,661,116</u>

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

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
 (With Comparative Totals for 2019)

	Year ended June 30, 2020						
	No. of Positions	Program Services			Supporting Services		2019
		Regular Education	Special Education	Sub-total	Management and General	Total	
Personnel services costs:							
Administrative staff personnel	20	\$ 345,987	\$ 322,416	\$ 668,403	\$ 469,781	\$ 1,138,184	\$ 1,048,645
Instructional personnel	<u>37</u>	<u>3,151,848</u>	<u>524,208</u>	<u>3,676,056</u>	<u>5,400</u>	<u>3,681,456</u>	<u>3,066,835</u>
Total salaries and wages	57	3,497,835	846,624	4,344,459	475,181	4,819,640	4,115,480
Fringe benefits and payroll taxes		873,276	211,370	1,084,646	118,634	1,203,280	917,756
Legal service		19,975	4,835	24,810	2,714	27,524	152,498
Accounting/audit services		-	-	-	591,653	591,653	128,266
Other purchased/professional/consulting services		242,778	40,573	283,351	11,992	295,343	342,468
Building and land rent/lease		1,463,492	354,227	1,817,719	198,816	2,016,535	1,581,018
Repairs and maintenance		-	-	-	-	-	266,531
Insurance		40,490	9,800	50,290	5,501	55,791	53,598
Utilities		8,158	1,975	10,133	1,108	11,241	11,433
Supplies/materials		91,770	17,440	109,210	4,111	113,321	95,201
Equipment/furnishings		4,294	902	5,196	344	5,540	18,656
Staff development		122,538	20,151	142,689	7,820	150,509	183,209
Marketing/recruitment		1,791	356	2,147	109	2,256	44,732
Technology		136,762	33,102	169,864	18,579	188,443	114,372
Food service		879	145	1,024	-	1,024	-
Student services		116,718	19,194	135,912	-	135,912	133,134
Office expense		119,819	29,001	148,820	17,874	166,694	86,413
Depreciation and amortization		135,299	32,748	168,047	18,380	186,427	210,147
Other		2,100	508	2,608	285	2,893	34,163
		<u>\$ 6,877,974</u>	<u>\$ 1,622,951</u>	<u>\$ 8,500,925</u>	<u>\$ 1,473,101</u>	<u>\$ 9,974,026</u>	<u>\$ 8,489,075</u>

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

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 464,112	\$ 143,036
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	186,427	210,147
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(87,670)	139,065
Prepaid expenses and other current assets	(56,821)	39,443
Accounts payable and accrued expenses	40,070	15,118
Accrued payroll and benefits	119,726	16,872
Deferred revenue	(22,933)	(303,017)
Deferred lease liability	111,676	201,718
	<u>754,587</u>	<u>462,382</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES		
	754,587	462,382
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(134,166)</u>	<u>(154,454)</u>
	<u>(134,166)</u>	<u>(154,454)</u>
NET CASH USED FOR INVESTING ACTIVITIES		
	(134,166)	(154,454)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on Paycheck Protection Program note payable	<u>924,477</u>	<u>-</u>
	<u>924,477</u>	<u>-</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES		
	924,477	-
NET INCREASE IN CASH AND RESTRICTED CASH	1,544,898	307,928
Cash and restricted cash at beginning of year	<u>1,522,882</u>	<u>1,214,954</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 3,067,780</u>	<u>\$ 1,522,882</u>

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable	<u>\$ 60,700</u>	<u>\$ -</u>
Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 2,992,175	\$ 1,447,410
Restricted cash	<u>75,605</u>	<u>75,472</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 3,067,780</u>	<u>\$ 1,522,882</u>

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

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Comparative Totals for 2019)

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

The Charter School

Charter High School for Law and Social Justice (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School provides students from Southern Bronx with a comprehensive high school education and lays the academic and social groundwork for success in college and careers. Using the theme of law and social justice, the Charter School will engage, inspire and empower students, and will equip them with the academic skills to earn a regents diploma and gain admission to the college of their choice, prepared for success. On December 17, 2013 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. In March 2014, the Board of Regents of the University of the State of New York approved a charter revision to the provisional charter, to use the year ended June 30, 2015 as a planning year; therefore, the charter term expired June 30, 2020. On March 26, 2020, the Board of Regents of the University of the State of New York voted to renew the provisional charter of the Charter School for a term of three years to expire June 30, 2023.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

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.

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, 2020 or 2019.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Revenue recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Rental assistance

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

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

	June 30,		
	2020	2019	2018
Grants and other receivables	\$ 138,712	\$ 108,347	\$ 229,589

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Contributions are recorded as with or without donor restrictions depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as without donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no deferred revenue as of June 30, 2020. Deferred revenue amounted to \$22,933 at June 30, 2019. There were no cost-reimbursement grants that had not been recognized as of June 30, 2020. The Charter School received cost-reimbursement grants of approximately \$6,027 that had not been recognized at June 30, 2019, because qualifying expenditures had not yet been incurred.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. 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.

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 \$75,605 and \$75,472 at June 30, 2020 and 2019, respectively.

Grants and other receivables

Grants and other 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, 2020 and 2019.

Property and equipment

Property and equipment are recorded at cost. 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 three to twenty years.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Contributed services

The Charter School receives contributed services from volunteers to serve on the Board of Trustees. The Charter School received transportation services, speech therapist, occupational therapist and food supplies from the local district. The Charter School was unable to determine a value for these services.

There were no contributed services for the year ended June 30, 2020. The Charter School was provided with space at a local private college rent free, the estimated value of this contributed space was \$33,300 for the year ended June 30, 2019. Amount is included in contributed services on the accompanying statement of activities and changes in net assets.

In kind contributions

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

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, 2017 through June 30, 2020 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.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$2,300 and \$44,700 for the years ended June 30, 2020 and 2019, respectively.

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.

Deferred lease liability

The Charter School leases its facility. The lease contains pre-determined fixed escalations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts paid under the lease as a deferred lease liability.

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.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Comparative for period ended June 30, 2019

The financial statements include certain prior year summarized comparative information in total but not by net asset class or 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, 2019, from which the summarized information was derived.

Adoption of new accounting standards

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued new guidance related to revenue recognition (ASC 606), which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Charter School adopted ASC 606 with a date of the initial application of July 1, 2019.

The Charter School applied ASC 606 using the cumulative effect method, which generally requires the recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets, at July 1, 2019. There was no adjustment to the opening balance of net assets at July 1, 2019, as a result of this new accounting standard. In addition, the comparative information has not been adjusted and continues to be reported under existing revenue guidance. The Charter School does not expect the adoption of the new revenue standard to have a material impact on its change in net assets on an ongoing basis.

As part of the adoption of ASC 606, the Charter School elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligation, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Contributions received and contributions made

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For most resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. The Charter School adopted the provisions of ASU 2018-08 applicable to contributions received with a date of initial application of July 1, 2019 under a modified prospective basis. Accordingly, there is no effect on net assets.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year of cash in the statement of cash flows. ASC 230 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 2019. The Charter School adopted this standard as of July 1, 2019 using the retrospective transition method.

New accounting pronouncement – 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 FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Accounting Impact of COVID-19 Outbreak

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of corona virus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 13, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted, except as disclosed in Note G.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE B: LIQUIDITY AND AVAILABILITY

Charter High School for Law and Social Justice regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School has at its disposal cash that it uses to meet its ongoing operating needs.

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, facilities upkeep, and administrative services, 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 balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 2,992,175	\$ 1,447,410
Grants and other receivables	<u>248,982</u>	<u>161,312</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 3,241,157</u>	<u>\$ 1,608,722</u>

Charter High School for Law and Social Justice has \$3,241,057 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$2,992,175 and grants and other receivables of \$248,982. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. Grants and other receivables are subject to implied time restrictions but are expected to be collected within one year. The Charter School has a goal to maintain financial assets, which are comprised mainly of cash, on hand to meet two months of normal operating expense, which are, on average, approximately \$835,800 per month. Charter High School for Law and Social Justice has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE C: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 outbreak, in April 2020, the School applied for and was approved by a bank for a loan of \$924,477 through the Paycheck Protection Program established by the Small Business Administration. The loan has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the School. The loan was funded in May 2020.

Estimated annual maturities of note payable are as followed:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 355,034
2022	<u>569,443</u>
	<u>\$ 924,477</u>

NOTE D: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Undesignated	\$ 1,502,762	\$ 1,047,089
Invested in property and equipment	<u>622,466</u>	<u>614,027</u>
	<u>\$ 2,125,228</u>	<u>\$ 1,661,116</u>

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 305,529	\$ 301,869
Office equipment	408,815	385,977
Computers and equipment	376,849	213,257
Software	8,640	8,640
Leasehold improvements	<u>304,934</u>	<u>300,158</u>
	1,404,767	1,209,901
Less accumulated depreciation and amortization	<u>782,301</u>	<u>595,874</u>
	<u>\$ 622,466</u>	<u>\$ 614,027</u>

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE F: SCHOOL FACILITY

In August 2016, the Charter School signed a lease for a new facility which expires June 30, 2036. Total rent expense was approximately \$1,346,000 for the year ended June 30, 2019. The Charter School increased the amount of space occupied at the facility over the first three years of the lease. Effective July 1, 2019, the original lease between the Charter School and a third party was assigned to Friends of Charter High School for Law and Social Justice. The Charter School entered into a seventeen year sublease with Friends of Charter High School for Law and Social Justice for its facilities through June 30, 2036. The Charter School's base rent for the year ended June 30, 2020 was approximately \$158,700 per month. The lease will have escalating payments throughout the term. Rent expense totaled approximately \$1,905,000 for the year ended June 30, 2020.

Future expected minimum payments for this lease is approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 1,916,000
2022	2,043,000
2023	2,054,000
2024	2,066,000
2025	2,078,000
Thereafter	<u>25,648,000</u>
	<u>\$ 35,805,000</u>

The lease signed between Friends of Charter High School for Law and Social Justice and a third party is guaranteed by the Charter School. The future minimum payments on this agreement through June 30, 2036 are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 1,346,000
2022	1,460,000
2023	1,460,000
2024	1,460,000
2025	1,460,000
Thereafter	<u>17,980,000</u>
	<u>\$ 25,166,000</u>

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE G: OPERATING LEASES AND COMMITMENTS

The Charter School entered into non-cancelable lease agreements for office equipment expiring at various dates through September 2021. Lease expense was approximately \$14,400 for each of the years ended June 30, 2020 and 2019. Future expected minimum payments for these leases are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 8,100
2022	<u>1,800</u>
	<u>\$ 9,900</u>

On July 1, 2019, the Charter School entered into a five year agreement with a organization to provide operational, management and instructional support. The agreement calls for payments equal to 6% of the Charter School's total federal, state, and local public revenue. The Charter School incurred fees of approximately \$481,000 for the year ended June 30, 2020. In September 2020, the agreement was cancelled. The Charter School is currently in the process of obtaining a new education partner as required by the comprehensive school turnaround plan provided to the New York State Education Department's Charter School Office.

NOTE H: 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 I: CONCENTRATIONS

At June 30, 2020 and 2019, grants and other receivables are comprised of the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Mt. Vernon City School District	14%	57%
Federal Government	44%	33%
New York State Per Pupil	41%	*

* Below 10% of grants and other receivables

Approximately 78% and 80% of total operating revenue and support came from per-pupil funding provided by New York State for the years ended June 30, 2020 and 2019, respectively. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE J: 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.

NOTE K: RETIREMENT PLAN

The Charter School began to sponsor a 401(k) retirement plan (the "Plan") for its employees, effective January 1, 2018. The Plan allows for the Charter School to make discretionary contributions to the Plan. The Charter School contributed approximately \$19,000 for employee match and no amounts related to administrative fees to the Plan for the year ended June 30, 2020. The Charter School contributed approximately \$23,000 and \$2,000, respectively, for the employee match and administrative fees to the Plan for the year ended June 30, 2019.

On January 1, 2020, the Charter School established a 403(b) retirement plan for its employees. Participants may begin deferring into the plan effective August 13, 2020. The Plan allows for the Charter School to make a safe harbor contribution to the Plan.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Charter High School for Law and Social Justice

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 Charter High School for Law and Social Justice, which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control over Financial Reporting

Management of Charter High School for Law and Social Justice is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered Charter High School for Law and Social Justice's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charter High School for Law and Social Justice's internal control. Accordingly, we do not express an opinion on the effectiveness of Charter High School for Law and Social Justice'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter High School for Law and Social Justice's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 13, 2020

**CHARTER HIGH SCHOOL FOR LAW AND
SOCIAL JUSTICE**

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020
(With Comparative Totals for 2019)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Charter High School for Law and Social Justice

Report on the Financial Statements

We have audited the accompanying financial statements of Charter High School for Law and Social Justice, which comprise the statement of financial position as of June 30, 2020, and the related statement 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 Charter High School for Law and Social Justice as of June 30, 2020, 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 Charter High School for Law and Social Justice's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statement in our report dated October 29, 2019. In our opinion, the summarized comparative information presented herein as of June 30, 2019 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 13, 2020 on our consideration of Charter High School for Law and Social Justice'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 Charter High School for Law and Social Justice's internal control over financial reporting and compliance.

Emphasis of Matters with Respect to Change of Accounting Methods

As discussed in Note A to the financial statements, in 2020, Charter High School for Law and Social Justice adopted new accounting guidance for recognition of revenue, contributions received and statement of cash flows presentation. Our opinion is not modified with respect to these matters.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 13, 2020

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 2,992,175	\$ 1,447,410
Grants and other receivables	248,982	161,312
Prepaid expenses and other current assets	<u>169,288</u>	<u>112,467</u>
TOTAL CURRENT ASSETS	3,410,445	1,721,189
<u>PROPERTY AND EQUIPMENT</u> , net	622,466	614,027
<u>CASH IN ESCROW</u>	<u>75,605</u>	<u>75,472</u>
TOTAL ASSETS	<u>\$ 4,108,516</u>	<u>\$ 2,410,688</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 315,740	\$ 214,970
Accrued payroll and benefits	429,677	309,951
Current portion of Paycheck Protection Program note payable	355,034	-
Deferred revenue	<u>-</u>	<u>22,933</u>
TOTAL CURRENT LIABILITIES	1,100,451	547,854
<u>OTHER LIABILITIES</u>		
Non-current portion of Paycheck Protection Program note payable	569,443	-
Deferred lease liability	<u>313,394</u>	<u>201,718</u>
TOTAL OTHER LIABILITIES	<u>882,837</u>	<u>201,718</u>
TOTAL LIABILITIES	1,983,288	749,572
<u>NET ASSETS</u> - without donor restrictions	<u>2,125,228</u>	<u>1,661,116</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,108,516</u>	<u>\$ 2,410,688</u>

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

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue and support:		
State and local per pupil operating revenue		
Resident student enrollment	\$ 7,166,784	\$ 6,486,307
Students with disabilities	980,816	395,128
NYC DoE rental assistance	1,904,860	1,346,000
Government grants	385,545	347,747
Private grants	-	17,800
Fundraising	-	5,641
Contributed services	-	33,300
Interest income	133	188
	<u>133</u>	<u>188</u>
TOTAL OPERATING REVENUE AND SUPPORT	10,438,138	8,632,111
Expenses:		
Program:		
Regular education	6,877,974	6,119,058
Special education	1,622,951	1,158,325
Management and general	1,473,101	1,107,579
Fundraising and special events	-	104,113
	<u>-</u>	<u>104,113</u>
TOTAL EXPENSES	9,974,026	8,489,075
CHANGE IN NET ASSETS	464,112	143,036
Net assets at beginning of year	1,661,116	1,518,080
NET ASSETS AT END OF YEAR	<u>\$ 2,125,228</u>	<u>\$ 1,661,116</u>

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

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30, 2020						
	No. of Positions	Program Services			Supporting Services		2019
		Regular Education	Special Education	Sub-total	Management and General	Total	
Personnel services costs:							
Administrative staff personnel	20	\$ 345,987	\$ 322,416	\$ 668,403	\$ 469,781	\$ 1,138,184	\$ 1,048,645
Instructional personnel	<u>37</u>	<u>3,151,848</u>	<u>524,208</u>	<u>3,676,056</u>	<u>5,400</u>	<u>3,681,456</u>	<u>3,066,835</u>
Total salaries and wages	57	3,497,835	846,624	4,344,459	475,181	4,819,640	4,115,480
Fringe benefits and payroll taxes		873,276	211,370	1,084,646	118,634	1,203,280	917,756
Legal service		19,975	4,835	24,810	2,714	27,524	152,498
Accounting/audit services		-	-	-	591,653	591,653	128,266
Other purchased/professional/consulting services		242,778	40,573	283,351	11,992	295,343	342,468
Building and land rent/lease		1,463,492	354,227	1,817,719	198,816	2,016,535	1,581,018
Repairs and maintenance		-	-	-	-	-	266,531
Insurance		40,490	9,800	50,290	5,501	55,791	53,598
Utilities		8,158	1,975	10,133	1,108	11,241	11,433
Supplies/materials		91,770	17,440	109,210	4,111	113,321	95,201
Equipment/furnishings		4,294	902	5,196	344	5,540	18,656
Staff development		122,538	20,151	142,689	7,820	150,509	183,209
Marketing/recruitment		1,791	356	2,147	109	2,256	44,732
Technology		136,762	33,102	169,864	18,579	188,443	114,372
Food service		879	145	1,024	-	1,024	-
Student services		116,718	19,194	135,912	-	135,912	133,134
Office expense		119,819	29,001	148,820	17,874	166,694	86,413
Depreciation and amortization		135,299	32,748	168,047	18,380	186,427	210,147
Other		2,100	508	2,608	285	2,893	34,163
		<u>\$ 6,877,974</u>	<u>\$ 1,622,951</u>	<u>\$ 8,500,925</u>	<u>\$ 1,473,101</u>	<u>\$ 9,974,026</u>	<u>\$ 8,489,075</u>

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

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 464,112	\$ 143,036
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	186,427	210,147
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(87,670)	139,065
Prepaid expenses and other current assets	(56,821)	39,443
Accounts payable and accrued expenses	40,070	15,118
Accrued payroll and benefits	119,726	16,872
Deferred revenue	(22,933)	(303,017)
Deferred lease liability	111,676	201,718
	<u>754,587</u>	<u>462,382</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES		
	754,587	462,382
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(134,166)</u>	<u>(154,454)</u>
	<u>(134,166)</u>	<u>(154,454)</u>
NET CASH USED FOR INVESTING ACTIVITIES		
	(134,166)	(154,454)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on Paycheck Protection Program note payable	<u>924,477</u>	<u>-</u>
	<u>924,477</u>	<u>-</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES		
	924,477	-
NET INCREASE IN CASH AND RESTRICTED CASH	1,544,898	307,928
Cash and restricted cash at beginning of year	<u>1,522,882</u>	<u>1,214,954</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 3,067,780</u>	<u>\$ 1,522,882</u>

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable	<u>\$ 60,700</u>	<u>\$ -</u>
Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 2,992,175	\$ 1,447,410
Restricted cash	<u>75,605</u>	<u>75,472</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 3,067,780</u>	<u>\$ 1,522,882</u>

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

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Comparative Totals for 2019)

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

The Charter School

Charter High School for Law and Social Justice (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School provides students from Southern Bronx with a comprehensive high school education and lays the academic and social groundwork for success in college and careers. Using the theme of law and social justice, the Charter School will engage, inspire and empower students, and will equip them with the academic skills to earn a regents diploma and gain admission to the college of their choice, prepared for success. On December 17, 2013 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. In March 2014, the Board of Regents of the University of the State of New York approved a charter revision to the provisional charter, to use the year ended June 30, 2015 as a planning year; therefore, the charter term expired June 30, 2020. On March 26, 2020, the Board of Regents of the University of the State of New York voted to renew the provisional charter of the Charter School for a term of three years to expire June 30, 2023.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

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.

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, 2020 or 2019.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Revenue recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Rental assistance

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

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

	<u>June 30,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Grants and other receivables	\$ 138,712	\$ 108,347	\$ 229,589

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Contributions are recorded as with or without donor restrictions depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as without donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no deferred revenue as of June 30, 2020. Deferred revenue amounted to \$22,933 at June 30, 2019. There were no cost-reimbursement grants that had not been recognized as of June 30, 2020. The Charter School received cost-reimbursement grants of approximately \$6,027 that had not been recognized at June 30, 2019, because qualifying expenditures had not yet been incurred.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. 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.

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 \$75,605 and \$75,472 at June 30, 2020 and 2019, respectively.

Grants and other receivables

Grants and other 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, 2020 and 2019.

Property and equipment

Property and equipment are recorded at cost. 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 three to twenty years.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Contributed services

The Charter School receives contributed services from volunteers to serve on the Board of Trustees. The Charter School received transportation services, speech therapist, occupational therapist and food supplies from the local district. The Charter School was unable to determine a value for these services.

There were no contributed services for the year ended June 30, 2020. The Charter School was provided with space at a local private college rent free, the estimated value of this contributed space was \$33,300 for the year ended June 30, 2019. Amount is included in contributed services on the accompanying statement of activities and changes in net assets.

In kind contributions

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

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, 2017 through June 30, 2020 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.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$2,300 and \$44,700 for the years ended June 30, 2020 and 2019, respectively.

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.

Deferred lease liability

The Charter School leases its facility. The lease contains pre-determined fixed escalations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts paid under the lease as a deferred lease liability.

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.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Comparative for period ended June 30, 2019

The financial statements include certain prior year summarized comparative information in total but not by net asset class or 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, 2019, from which the summarized information was derived.

Adoption of new accounting standards

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued new guidance related to revenue recognition (ASC 606), which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Charter School adopted ASC 606 with a date of the initial application of July 1, 2019.

The Charter School applied ASC 606 using the cumulative effect method, which generally requires the recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets, at July 1, 2019. There was no adjustment to the opening balance of net assets at July 1, 2019, as a result of this new accounting standard. In addition, the comparative information has not been adjusted and continues to be reported under existing revenue guidance. The Charter School does not expect the adoption of the new revenue standard to have a material impact on its change in net assets on an ongoing basis.

As part of the adoption of ASC 606, the Charter School elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligation, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Contributions received and contributions made

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For most resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. The Charter School adopted the provisions of ASU 2018-08 applicable to contributions received with a date of initial application of July 1, 2019 under a modified prospective basis. Accordingly, there is no effect on net assets.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year of cash in the statement of cash flows. ASC 230 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 2019. The Charter School adopted this standard as of July 1, 2019 using the retrospective transition method.

New accounting pronouncement – 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 FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Accounting Impact of COVID-19 Outbreak

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of corona virus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 13, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted, except as disclosed in Note G.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE B: LIQUIDITY AND AVAILABILITY

Charter High School for Law and Social Justice regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School has at its disposal cash that it uses to meet its ongoing operating needs.

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, facilities upkeep, and administrative services, 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 balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 2,992,175	\$ 1,447,410
Grants and other receivables	<u>248,982</u>	<u>161,312</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 3,241,157</u>	<u>\$ 1,608,722</u>

Charter High School for Law and Social Justice has \$3,241,057 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$2,992,175 and grants and other receivables of \$248,982. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. Grants and other receivables are subject to implied time restrictions but are expected to be collected within one year. The Charter School has a goal to maintain financial assets, which are comprised mainly of cash, on hand to meet two months of normal operating expense, which are, on average, approximately \$835,800 per month. Charter High School for Law and Social Justice has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE C: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 outbreak, in April 2020, the School applied for and was approved by a bank for a loan of \$924,477 through the Paycheck Protection Program established by the Small Business Administration. The loan has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the School. The loan was funded in May 2020.

Estimated annual maturities of note payable are as followed:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 355,034
2022	<u>569,443</u>
	<u>\$ 924,477</u>

NOTE D: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Undesignated	\$ 1,502,762	\$ 1,047,089
Invested in property and equipment	<u>622,466</u>	<u>614,027</u>
	<u>\$ 2,125,228</u>	<u>\$ 1,661,116</u>

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 305,529	\$ 301,869
Office equipment	408,815	385,977
Computers and equipment	376,849	213,257
Software	8,640	8,640
Leasehold improvements	<u>304,934</u>	<u>300,158</u>
	1,404,767	1,209,901
Less accumulated depreciation and amortization	<u>782,301</u>	<u>595,874</u>
	<u>\$ 622,466</u>	<u>\$ 614,027</u>

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE F: SCHOOL FACILITY

In August 2016, the Charter School signed a lease for a new facility which expires June 30, 2036. Total rent expense was approximately \$1,346,000 for the year ended June 30, 2019. The Charter School increased the amount of space occupied at the facility over the first three years of the lease. Effective July 1, 2019, the original lease between the Charter School and a third party was assigned to Friends of Charter High School for Law and Social Justice. The Charter School entered into a seventeen year sublease with Friends of Charter High School for Law and Social Justice for its facilities through June 30, 2036. The Charter School's base rent for the year ended June 30, 2020 was approximately \$158,700 per month. The lease will have escalating payments throughout the term. Rent expense totaled approximately \$1,905,000 for the year ended June 30, 2020.

Future expected minimum payments for this lease is approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 1,916,000
2022	2,043,000
2023	2,054,000
2024	2,066,000
2025	2,078,000
Thereafter	<u>25,648,000</u>
	<u>\$ 35,805,000</u>

The lease signed between Friends of Charter High School for Law and Social Justice and a third party is guaranteed by the Charter School. The future minimum payments on this agreement through June 30, 2036 are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 1,346,000
2022	1,460,000
2023	1,460,000
2024	1,460,000
2025	1,460,000
Thereafter	<u>17,980,000</u>
	<u>\$ 25,166,000</u>

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE G: OPERATING LEASES AND COMMITMENTS

The Charter School entered into non-cancelable lease agreements for office equipment expiring at various dates through September 2021. Lease expense was approximately \$14,400 for each of the years ended June 30, 2020 and 2019. Future expected minimum payments for these leases are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 8,100
2022	<u>1,800</u>
	<u>\$ 9,900</u>

On July 1, 2019, the Charter School entered into a five year agreement with a organization to provide operational, management and instructional support. The agreement calls for payments equal to 6% of the Charter School's total federal, state, and local public revenue. The Charter School incurred fees of approximately \$481,000 for the year ended June 30, 2020. In September 2020, the agreement was cancelled. The Charter School is currently in the process of obtaining a new education partner as required by the comprehensive school turnaround plan provided to the New York State Education Department's Charter School Office.

NOTE H: 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 I: CONCENTRATIONS

At June 30, 2020 and 2019, grants and other receivables are comprised of the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Mt. Vernon City School District	14%	57%
Federal Government	44%	33%
New York State Per Pupil	41%	*

* Below 10% of grants and other receivables

Approximately 78% and 80% of total operating revenue and support came from per-pupil funding provided by New York State for the years ended June 30, 2020 and 2019, respectively. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE J: 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.

NOTE K: RETIREMENT PLAN

The Charter School began to sponsor a 401(k) retirement plan (the "Plan") for its employees, effective January 1, 2018. The Plan allows for the Charter School to make discretionary contributions to the Plan. The Charter School contributed approximately \$19,000 for employee match and no amounts related to administrative fees to the Plan for the year ended June 30, 2020. The Charter School contributed approximately \$23,000 and \$2,000, respectively, for the employee match and administrative fees to the Plan for the year ended June 30, 2019.

On January 1, 2020, the Charter School established a 403(b) retirement plan for its employees. Participants may begin deferring into the plan effective August 13, 2020. The Plan allows for the Charter School to make a safe harbor contribution to the Plan.

CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Charter High School for Law and Social Justice

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 Charter High School for Law and Social Justice, which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control over Financial Reporting

Management of Charter High School for Law and Social Justice is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered Charter High School for Law and Social Justice's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charter High School for Law and Social Justice's internal control. Accordingly, we do not express an opinion on the effectiveness of Charter High School for Law and Social Justice'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter High School for Law and Social Justice's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 13, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	Charter High School for Law and Social Justice
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	New York City Department of Education
If located in NYC DOE select CSD:	NYCSD #10
School Fiscal Contact Name:	Richard Burke
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Mengel Metzger Barr & Co. LLP
School Audit Contact Name:	Michelle M. Cain, CPA
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	2018-19

The following items are required to be included:

- 1.) The independent auditor's report on financial statements and notes.
- 2.) Excel template file containing the Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets.
- 3.) Reports on internal controls over financial reporting and on compliance.

The additional items listed below should be included if applicable. Please explain the reason(s) if the items are not included. Examples might include: a written management letter was not issued; the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000; the management letter response will be submitted by the following date (should be no later than 30 days from the submission of the report); etc.

Item	If not included, state the reason(s) below (if not applicable fill in N/A):
Management Letter	No Management Letter Issued
Management Letter Response	N/A
Form 990	An extension has been filed
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

Charter High School for Law and Social Justice
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,992,175	\$ 1,447,410
Grants and contracts receivable	248,982	161,312
Accounts receivables	-	-
Prepaid Expenses	169,288	112,467
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	3,410,445	1,721,189
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 622,466	\$ 614,027
Restricted Cash	75,605	75,472
Security Deposits	-	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	698,071	689,499
TOTAL ASSETS	<u>4,108,516</u>	<u>2,410,688</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 315,740	\$ 214,970
Accrued payroll, payroll taxes and benefits	429,677	309,951
Current Portion of Loan Payable	355,034	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	22,933
Other Current Liabilities	-	-
TOTAL CURRENT LIABILITIES	1,100,451	547,854
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 569,443	\$ -
Deferred Rent	313,394	201,718
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	882,837	201,718
TOTAL LIABILITIES	<u>1,983,288</u>	<u>749,572</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 2,125,228	\$ 1,661,116
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>2,125,228</u>	<u>1,661,116</u>
TOTAL LIABILITIES AND NET ASSETS	<u>4,108,516</u>	<u>2,410,688</u>

Charter High School for Law and Social Justice
Statement of Activities
as of June 30

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 7,166,784	\$ -	\$ 7,166,784	\$ 6,486,307
State and Local Per Pupil Revenue - SPED	980,816	-	980,816	395,128
State and Local Per Pupil Facilities Revenue	1,904,860	-	1,904,860	1,346,000
Federal Grants	385,545	-	385,545	347,747
State and City Grants	-	-	-	-
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	10,438,005	-	10,438,005	8,575,182
EXPENSES				
Program Services				
Regular Education	\$ 6,877,974	\$ -	\$ 6,877,974	\$ 6,119,058
Special Education	1,622,951	-	1,622,951	1,158,325
Other Programs	-	-	-	-
Total Program Services	8,500,925	-	8,500,925	7,277,383
Management and general	1,473,101	-	1,473,101	1,107,579
Fundraising	-	-	-	104,113
TOTAL EXPENSES	9,974,026	-	9,974,026	8,489,075
SURPLUS / (DEFICIT) FROM OPERATIONS	463,979	-	463,979	86,107
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ 133	\$ -	\$ 133	\$ 188
Contributions and Grants	-	-	-	17,800
Fundraising Support	-	-	-	5,641
Investments	-	-	-	-
Donated Services	-	-	-	33,300
Other Support and Revenue	-	-	-	-
TOTAL SUPPORT AND OTHER REVENUE	133	-	133	56,929
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	464,112	-	464,112	143,036
NET ASSETS - BEGINNING OF YEAR	\$ 1,661,116	\$ -	\$ 1,661,116	\$ 1,518,080
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 2,125,228	\$ -	\$ 2,125,228	\$ 1,661,116

**Charter High School for Law and Social Justice
Statement of Cash Flows**

as of June 30

	<u>2020</u>	<u>2019</u>
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 464,112	\$ 143,036
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	186,427	210,147
Grants Receivable	(87,670)	139,065
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	(56,821)	39,443
Accounts Payable	40,070	15,118
Accrued Expenses	119,726	16,872
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	(22,933)	(303,017)
Interest payments	-	-
Deferred lease liability	111,676	201,718
Other	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 754,587	\$ 462,382
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	(134,166)	(154,454)
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (134,166)	\$ (154,454)
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	924,477	-
Other	-	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 924,477	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,544,898	\$ 307,928
Cash at beginning of year	1,522,882	1,214,954
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,067,780	\$ 1,522,882

**Charter High School for Law and Social Justice
Statement of Functional Expenses
as of June 30**

		2020							2019	
		Program Services				Supporting Services				
No. of Positions		Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total	Total	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Personnel Services Costs										
Administrative Staff Personnel	20.00	345,987	322,416	-	668,403	-	469,781	469,781	1,138,184	1,048,645
Instructional Personnel	37.00	3,151,848	524,208	-	3,676,056	-	5,400	5,400	3,681,456	3,066,835
Non-Instructional Personnel	-	-	-	-	-	-	-	-	-	-
Total Salaries and Staff	57.00	3,497,835	846,624	-	4,344,459	-	475,181	475,181	4,819,640	4,115,480
Fringe Benefits & Payroll Taxes		873,276	211,370	-	1,084,646	-	118,634	118,634	1,203,280	917,756
Retirement		-	-	-	-	-	-	-	-	-
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		19,975	4,835	-	24,810	-	2,714	2,714	27,524	152,498
Accounting / Audit Services		-	-	-	-	-	591,653	591,653	591,653	128,266
Other Purchased / Professional / Consulting Services		242,778	40,573	-	283,351	-	11,992	11,992	295,343	342,468
Building and Land Rent / Lease		1,463,492	354,227	-	1,817,719	-	198,816	198,816	2,016,535	1,581,018
Repairs & Maintenance		-	-	-	-	-	-	-	-	266,531
Insurance		40,490	9,800	-	50,290	-	5,501	5,501	55,791	53,598
Utilities		8,158	1,975	-	10,133	-	1,108	1,108	11,241	11,433
Supplies / Materials		91,770	17,440	-	109,210	-	4,111	4,111	113,321	95,201
Equipment / Furnishings		4,294	902	-	5,196	-	344	344	5,540	18,656
Staff Development		122,538	20,151	-	142,689	-	7,820	7,820	150,509	183,209
Marketing / Recruitment		1,791	356	-	2,147	-	109	109	2,256	44,732
Technology		136,762	33,102	-	169,864	-	18,579	18,579	188,443	114,372
Food Service		879	145	-	1,024	-	-	-	1,024	-
Student Services		116,718	19,194	-	135,912	-	-	-	135,912	133,134
Office Expense		119,819	29,001	-	148,820	-	17,874	17,874	166,694	86,413
Depreciation		135,299	32,748	-	168,047	-	18,380	18,380	186,427	210,147
OTHER		2,100	508	-	2,608	-	285	285	2,893	34,163
Total Expenses		\$ 6,877,974	\$ 1,622,951	\$ -	\$ 8,500,925	\$ -	\$ 1,473,101	\$ 1,473,101	\$ 9,974,026	\$ 8,489,075

New York State Education Department

Request for Proposals to Establish Charter Schools Authorized by the Board of Regents

2020-21 Budget & Cash Flow Template

General Instructions and Notes for New Application Budgets and Cash Flows Templates

1	Complete ALL SIX columns in BLUE
2	Enter information into the GRAY cells
3	Cells containing RED triangles in the upper right corner in columns B through G contain guidance on that particular item
4	School district per-pupil tuition information is located on the State Aid website at https://stateaid.nysed.gov/charter/ . Rows may be inserted in the worksheet to accommodate additional districts if necessary.
5	The Assumptions column should be completed for all revenue and expense items unless the item is self-explanatory. Where applicable, please reference the page number or section in the application narrative that indicates the assumption being made. For instance, student enrollment would reference the applicable page number in Section I, C of the application narrative.

Charter High School for Law and Social Justice

PROJECTED BUDGET FOR 2019-2020

PROJECTED BUDGET FOR 2019-2020							Assumptions
July 1, 2020 to June 30, 2021							DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
Total Revenue	7,812,589	2,570,318	-	-	-	10,382,907	
Total Expenses	6,641,591	2,403,194	-	-	1,337,607	10,382,392	
Net Income	1,170,998	167,124	-	-	(1,337,607)	515	
Actual Student Enrollment	429	60	-	-	-	-	
Total Paid Student Enrollment	-	-	-	-	-	-	
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
REVENUE							
REVENUES FROM STATE SOURCES							
Per Pupil Revenue		CY Per Pupil Rate					
District of Location nyc DISTRICT 10	\$16,123.00	5,946,969	969,798	-	-	6,916,767	Based on 429 enrollments
School District 2 (Enter Name)	-	-	-	-	-	-	
School District 3 (Enter Name)	-	-	-	-	-	-	
School District 4 (Enter Name)	-	-	-	-	-	-	
School District 5 (Enter Name)	-	-	-	-	-	-	
	5,946,969	969,798	-	-	-	6,916,767	
Special Education Revenue	-	1,023,314	-	-	-	1,023,314	Based on 14.15 in the 20%-60% category and 46 in the more than 60% category
Grants							
Stimulus	129,000	21,000	-	-	-	150,000	FY 2020-21 one time stimulus grant (estimated)
Other	29,428	4,791	-	-	-	34,219	NYSTL: \$25,091, NYSSL: \$6,441 and NYSLIB: \$2,687
Other State Revenue	1,647,647	268,222	-	-	-	1,915,869	Lease assistance based on the current lease agreement
TOTAL REVENUE FROM STATE SOURCES	7,753,044	2,287,125	-	-	-	10,040,169	
REVENUE FROM FEDERAL FUNDING							
IDEA Special Needs	31,930	5,198	-	-	-	37,128	Based on FY 2019-20
Title I	-	226,447	-	-	-	226,447	Based on FY 2019-20
Title Funding - Other	-	47,053	-	-	-	47,053	Based on FY 2019-20. Title IIA: 32,109 and Title IVA: \$19,444
School Food Service (Free Lunch)	-	-	-	-	-	-	
Grants							
Charter School Program (CSP) Planning & Implementation	-	-	-	-	-	-	
Other	27,443	4,467	-	-	-	31,910	E-rate Grant
Other Federal Revenue	-	-	-	-	-	-	
TOTAL REVENUE FROM FEDERAL SOURCES	59,373	283,165	-	-	-	342,538	
LOCAL and OTHER REVENUE							
Contributions and Donations, Fundraising	-	-	-	-	-	-	
Erate Reimbursement	-	-	-	-	-	-	
Interest Income, Earnings on Investments,	172	28	-	-	-	200	Interest revenue
NYC-DYCD (Department of Youth and Community Developmt.)	-	-	-	-	-	-	
Food Service (Income from meals)	-	-	-	-	-	-	
Text Book	-	-	-	-	-	-	
Other Local Revenue	-	-	-	-	-	-	
TOTAL REVENUE FROM LOCAL and OTHER SOURCES	172	28	-	-	-	200	
TOTAL REVENUE	7,812,589	2,570,318	-	-	-	10,382,907	
EXPENSES							List exact titles and staff FTE's (Full time equivalent)
ADMINISTRATIVE STAFF PERSONNEL COSTS		No. of Positions					
Executive Management	1.00	67,980	79,310	-	79,310	226,600	One Executive Director
Instructional Management	5.00	272,660	170,413	-	238,578	681,650	One Principal and four Asst. Principal
Deans, Directors & Coordinators	6.00	387,980	63,160	-	-	451,140	One Parent Coordinator, four Associate Dean and one SPED Coordinator
CFO / Director of Finance	1.00	11,588	7,725	-	57,938	77,250	One Director of Finance & HR
Operation / Business Manager	1.00	15,914	15,914	-	74,263	106,090	One Director of Operations
Administrative Staff	3.00	31,076	20,717	-	155,378	207,171	One Operations Associate, one HR Manager and one Operations Manager
TOTAL ADMINISTRATIVE STAFF	17	787,197	357,238	-	605,466	1,749,901	
INSTRUCTIONAL PERSONNEL COSTS							
Teachers - Regular	31.00	2,291,737	373,073	-	-	2,664,810	Thirty one Regular Teachers
Teachers - SPED	8.00	-	697,157	-	-	697,157	Eight SPED teachers
Substitute Teachers	-	-	-	-	-	-	
Teaching Assistants	-	-	-	-	-	-	
Specialty Teachers	-	-	-	-	-	-	

Charter High School for Law and Social Justice

PROJECTED BUDGET FOR 2019-2020

PROJECTED BUDGET FOR 2019-2020							Assumptions
July 1, 2020 to June 30, 2021							DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
Total Revenue	7,812,589	2,570,318	-	-	-	10,382,907	
Total Expenses	6,641,591	2,403,194	-	-	1,337,607	10,382,392	
Net Income	1,170,998	167,124	-	-	(1,337,607)	515	
Actual Student Enrollment	429	60					
Total Paid Student Enrollment	-	-					
PROGRAM SERVICES							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
Aides	-	-	-	-	-	-	
Therapists & Counselors	3.00	229,464	37,355	-	-	266,819	Two Guidance Counselors and one Director of College Transition & Guidance
Other	-	-	-	-	-	-	
TOTAL INSTRUCTIONAL	42	2,521,201	1,107,585	-	-	3,628,786	
NON-INSTRUCTIONAL PERSONNEL COSTS							
Nurse	-	-	-	-	-	-	
Librarian	-	-	-	-	-	-	
Custodian	-	-	-	-	-	-	
Security	1.00	21,186	21,186	-	10,593	52,966	One Security Aide/Security
Other	-	207,344	33,754	-	-	241,098	Stipends: \$150,000, Summer Bridge Program: \$45,598 and Saturday Academy: \$45,500
TOTAL NON-INSTRUCTIONAL	1	228,531	54,940	-	10,593	294,064	
SUBTOTAL PERSONNEL SERVICE COSTS	60	3,536,929	1,519,763	-	616,059	5,672,751	
PAYROLL TAXES AND BENEFITS							
Payroll Taxes	-	292,542	125,701	-	50,955	469,198	Based on Salaries allocation
Fringe / Employee Benefits	-	411,753	176,924	-	71,719	660,395	Based on Salaries allocation
Retirement / Pension	-	76,805	33,002	-	13,378	123,184	Based on Salaries allocation
TOTAL PAYROLL TAXES AND BENEFITS		781,099	335,626	-	136,051	1,252,777	
TOTAL PERSONNEL SERVICE COSTS		4,318,028	1,855,389	-	752,111	6,925,528	
		62%	21%		11%		
CONTRACTED SERVICES							
Accounting / Audit	-	-	-	-	128,000	128,000	FY 2020-21 Accounting and Audit Fee
Legal	-	-	-	-	20,000	20,000	FY 2020-21 legal fee
Management Company Fee	-	-	-	-	158,802	158,802	Estimated Management Fee for FY 2020-21
Nurse Services	-	-	-	-	-	-	
Food Service / School Lunch	-	-	-	-	-	-	
Payroll Services	-	-	-	-	8,985	8,985	FY 2020-21 Payroll processing fee
Special Ed Services	-	-	-	-	-	-	
Titlement Services (i.e. Title I)	-	-	-	-	-	-	
Other Purchased / Professional / Consulting	-	46,440	7,560	-	800	54,800	Grant writing: \$9,000, Substitute Services: \$25,000 and Other Professional Fees: \$20,000 plus Bank fees: \$800
TOTAL CONTRACTED SERVICES		46,440	7,560	-	316,587	370,587	
SCHOOL OPERATIONS							
Board Expenses	-	-	-	-	-	-	
Classroom / Teaching Supplies & Materials	-	67,732	11,026	-	-	78,758	FY 2020-21 estimated cost for classroom supplies and materials
Special Ed Supplies & Materials	-	-	-	-	-	-	
Textbooks / Workbooks	-	-	-	-	-	-	
Supplies & Materials other	-	90,531	22,633	-	12,574	125,737	FY 2020-21 estimated cost for Office Supplies, Copy Machine Lease, Dues & Subscriptions and etc.
Equipment / Furniture	-	2,810	458	-	-	3,268	FY 2020-21 estimated furniture and equipment cost
Telephone	-	-	-	-	-	-	
Technology	-	143,612	35,903	-	19,946	199,461	FY 2020-21 estimated technology cost
Student Testing & Assessment	-	11,180	1,820	-	-	13,000	FY 2020-21 estimated student assessment cost
Field Trips	-	30,615	4,984	-	-	35,599	FY 2020-21 estimated cost for fields trips
Transportation (student)	-	8,634	1,406	-	-	10,040	FY 2020-21 estimated cost for student transportation
Student Services - other	-	122,185	19,891	-	-	142,076	Extracurricular activities, Enrichment Programs, Summer Bridge, Student Rewards, Senior Activities, Parent Program and Dues and Subscriptions
Office Expense	-	-	-	-	-	-	
Staff Development	-	64,774	10,545	-	-	75,319	Estimated cost for FY 2020-21 Staff Professional Development
Staff Recruitment	-	4,340	1,890	-	770	7,000	Estimated cost for FY 2020-21 Staff Recruitment Cost
Student Recruitment / Marketing	-	4,818	784	-	-	5,602	Estimated cost for FY 2020-21 Student Recruitment Cost
School Meals / Lunch	-	-	-	-	-	-	

Charter High School for Law and Social Justice

PROJECTED BUDGET FOR 2019-2020

Assumptions

July 1, 2020 to June 30, 2021

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	7,812,589	2,570,318	-	-	-	10,382,907
Total Expenses	6,641,591	2,403,194	-	-	1,337,607	10,382,392
Net Income	1,170,998	167,124	-	-	(1,337,607)	515
Actual Student Enrollment	429	60				
Total Paid Student Enrollment	-	-				

PROGRAM SERVICES

SUPPORT SERVICES

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
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Travel (Staff)	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-
Other	29,428	4,791	-	-	-	34,219
TOTAL SCHOOL OPERATIONS	580,660	116,129	-	-	33,290	730,079

NYSTL: \$25,091, NYSSL: \$6,441 and NYSLIB: \$2,687

FACILITY OPERATION & MAINTENANCE

Insurance	46,800	11,700	-	-	6,500	65,000
Janitorial	-	-	-	-	-	-
Building and Land Rent / Lease	1,482,623	370,656	-	-	205,920	2,059,198
Repairs & Maintenance	-	-	-	-	-	-
Equipment / Furniture	-	-	-	-	-	-
Security	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
TOTAL FACILITY OPERATION & MAINTENANCE	1,529,423	382,356	-	-	212,420	2,124,198

Estimated FY 2020-21 Insurance Cost

FY 2020-21 rent expense including straight lining of the lease

DEPRECIATION & AMORTIZATION

	167,040	41,760	-	-	23,200	232,000
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Estimated depreciation expense for FY 2020-21

DISSOLUTION ESCROW & RESERVES / CONTINGENCY

	-	-	-	-	-	-
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TOTAL EXPENSES

	6,641,591	2,403,194	-	-	1,337,607	10,382,392
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NET INCOME

	1,170,998	167,124	-	-	(1,337,607)	515
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ENROLLMENT - *School Districts Are Linked To Above Entries*

	REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED
District of Location nyc DISTRICT 10	429	60	489
School District 2 (Enter Name)			-
School District 3 (Enter Name)			-
School District 4 (Enter Name)			-
School District 5 (Enter Name)			-
TOTAL ENROLLMENT	429	60	489
REVENUE PER PUPIL	18,211	42,732	-
EXPENSES PER PUPIL	15,482	39,953	-

**THE CHARTER HIGH SCHOOL FOR LAW
AND SOCIAL JUSTICE
1960 UNIVERSITY AVE
BRONX NY 10453**

CitiBusiness® ACCOUNT AS OF OCTOBER 31, 2020

Relationship Summary:

Checking	-----
Savings	\$100,636.34
Checking Plus	-----

SERVICE CHARGE SUMMARY FROM SEPTEMBER 1, 2020 THRU SEPTEMBER 30, 2020

Type of Charge	No./Units	Price/Unit	Amount
CITIBUSINESS IMMA # ██████████			
Average Daily Collected Balance			\$100,620.50
Total Charges for Services			\$0.00
Net Service Charge			\$0.00

SAVINGS ACTIVITY

CitiBusiness IMMA

██████████	Beginning Balance:	\$100,628.48		
	Ending Balance:	\$100,636.34		
Date	Description	Debits	Credits	Balance
10/30	INTEREST EARNED		7.86	100,636.34

Interest earned year to date \$83.21

Your CitiBusiness IMMA Account Rates							
For Balances of	\$0	\$25,000	\$50,000	\$100,000	\$500,000	\$1,000,000	\$10,000,000
	to	to	to	to	to	to	
	\$24,999	\$49,999	\$99,999	\$499,999	\$999,999	\$9,999,999	and over
10/01 - 10/19	0.050%	0.050%	0.050%	0.100%	0.100%	0.100%	0.100%
10/20 - 10/31	0.050%	0.050%	0.050%	0.080%	0.080%	0.080%	0.080%

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

Insured Money Market

YOU CAN CALL:

877-528-0990
(For Speech and Hearing
Impaired Customers Only
TTY: 800-945-0258)

YOU CAN WRITE:

CitiBusiness
100 Citibank Drive
San Antonio, TX 78245-9966

For change in address, call your account officer or visit your branch.

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