

MBAF CPAs, LLC  
600 Third Avenue, 3<sup>rd</sup> Floor  
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of Harriet Tubman Charter School (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of the date of this letter as signed below, the following representations made to you during your audit.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 1, 2020, including our responsibility for the preparation and fair presentation of the financial statements.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. With regard to nonaudit services performed by you, we acknowledge our responsibility to:
  - a. Assume all management responsibilities;
  - b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
  - c. Evaluate the adequacy and results of the services performed; and
  - d. Accept responsibility for the results of the services.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. We have complied with all contractual agreements, grants, and donor restrictions.
10. We have accurately presented the entity's position regarding taxation and tax-exempt status.
11. The bases used for allocation of functional expenses are reasonable and appropriate.

12. We have included in the financial statements all assets and liabilities under the entity's control.
13. We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
14. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

#### **Information Provided**

15. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
16. All transactions have been recorded in the accounting records and are reflected in the financial statements.
17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
18. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
20. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
21. There were no designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
22. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
23. We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
24. Contributed services are only recorded as contributions in kind, at their fair value, provided they meet the criteria for recognition. No donated services and goods were received during the fiscal year ended June 30, 2020.
25. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
26. During the year ended June 30, 2020, the NYCDOE owed the School Title I, Title II, Title IV, Per Pupil, Food Program, E-rate, and special charter school grant funds totaling \$647,722.
27. We have approved the allocation of functional expense between program service performances and management and general and fundraising expenses. This allocation has been properly disclosed in the financial statements.
28. We are aware and are in compliance with the Federal Funding Accountability and Transparency Act reporting requirements and reporting timeline for awards that fall within the tiered reporting requirements.
29. We acknowledge that the School had 16 uncertified teachers for the fiscal year, which does not meet the New York City Charter School compliance requirement.
30. We have disclosed to you the identity of the School's related parties and all the related party relationships and transactions of which we are aware.

31. The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
32. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
33. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification TM (ASC) 450, Contingencies*.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
34. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
35. The School may be involved in various claims and legal actions in the ordinary course of business. The School does not believe there is any litigation that will have a material effect on the School.
36. Harriet Tubman Charter School is an exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
37. We acknowledge our responsibility for presenting the financial statements in accordance with U.S. GAAP, and we believe the financial statements, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
38. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
39. We have approved all standard, adjusting or correcting journal entries to our financial statements proposed to you.
40. We have approved a draft of the financial statements.
41. We acknowledge the communication to the board of trustees which includes your recommendations.

42. We are aware that Marc Taub is the engagement partner and is responsible for supervising the engagement and signing the report.

Very truly yours,  
Harriet Tubman Charter School

*Jerima Dewese*

\_\_\_\_\_  
Board Chairman

10/28/2020 | 1:37 PM PDT

\_\_\_\_\_  
(Date)

*[Signature]*

\_\_\_\_\_  
Principal

10/28/2020 | 2:46 PM PDT

\_\_\_\_\_  
(Date)

# HARRIET TUBMAN CHARTER SCHOOL

---

## FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

## HARRIET TUBMAN CHARTER SCHOOL

---

### TABLE OF CONTENTS

---

INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – June 30, 2020	5
Statement of Functional Expenses – June 30, 2019	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 14
FEDERAL REPORT ON COMPLIANCE AND INTERNAL CONTROL	
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 <i>Government Auditing Standards</i>	15 – 16
Schedule of Findings and Responses	17

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Harriet Tubman Charter School

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Harriet Tubman Charter School (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 School'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 School'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 Harriet Tubman Charter School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As further discussed in Note 7 to the financial statements, a global pandemic has been declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The extent and ultimate impact of COVID-19 on the School's operating and financial performance cannot be predicted at this time. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of Harriet Tubman Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harriet Tubman Charter School's internal control over financial reporting and compliance.

**MBAF CPAs, LLC**

New York, NY  
October 28, 2020



**HARRIET TUBMAN CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Cash	\$ 2,597,849	\$ 1,047,484
Cash - restricted	75,000	75,000
Grants and other receivables	648,133	781,033
Prepaid expenses	2,674	298,407
Property and equipment, net	386,512	442,030
Security deposits	128,900	128,900
	<b>\$ 3,839,068</b>	<b>\$ 2,772,854</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 647,678	\$ 533,474
Obligation under capital lease	4,480	56,747
Accrued salaries and other payroll related expenses	550,861	529,977
Deferred revenue	-	15,307
Deferred rent	-	13,440
	1,203,019	1,148,945
<b>NET ASSETS</b>		
Net assets - without donor restrictions	2,636,049	1,623,909
	<b>\$ 3,839,068</b>	<b>\$ 2,772,854</b>

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

**HARRIET TUBMAN CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>OPERATING REVENUE</b>		
State and local per pupil operating revenue	\$ 11,386,838	\$ 10,856,141
Government grants and contracts	<u>820,428</u>	<u>982,945</u>
	<u>12,207,266</u>	<u>11,839,086</u>
<b>EXPENSES</b>		
Program services		
General education	8,046,738	8,597,298
Special education	1,800,615	1,833,429
Management and general	1,346,764	950,364
Fundraising	<u>1,360</u>	<u>4,481</u>
	<u>11,195,477</u>	<u>11,385,572</u>
<b>SURPLUS FROM SCHOOL OPERATIONS</b>	1,011,789	453,514
<b>OTHER INCOME</b>	<u>351</u>	<u>1,839</u>
<b>CHANGE IN NET ASSETS</b>	1,012,140	455,353
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,623,909</u>	<u>1,168,556</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 2,636,049</u></b>	<b><u>\$ 1,623,909</u></b>

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

**HARRIET TUBMAN CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	No. of Positions	Program Services			Supporting Services			2020
		General	Special	Total	Fundraising	Management	Total	
		Education	Education			and General		
<b>Personnel Services Costs</b>								
Administrative staff personnel	12	\$ 514,949	\$ 102,369	\$ 617,318	\$ -	\$ 521,377	\$ 521,377	\$ 1,138,695
Instructional personnel	72	3,026,447	884,200	3,910,647	-	-	-	3,910,647
Non-instructional personnel	13	659,135	82,802	741,937	-	186,333	186,333	928,270
Total salaries and staff	97	4,200,531	1,069,371	5,269,902	-	707,710	707,710	5,977,612
Fringe benefits and payroll taxes		1,193,196	127,008	1,320,204	-	91,996	91,996	1,412,200
Retirement		407,262	103,681	510,943	-	68,616	68,616	579,559
Legal service		-	-	-	-	3,500	3,500	3,500
Accounting / Audit services		-	-	-	-	25,900	25,900	25,900
Other purchased / Professional / Consulting services		377,600	83,145	460,745	-	191,165	191,165	651,910
Building and land rent / Lease / Facility finance interest		559,036	142,319	701,355	-	94,187	94,187	795,542
Repairs and maintenance		269,357	68,573	337,930	-	45,382	45,382	383,312
Insurance		72,745	18,519	91,264	-	12,256	12,256	103,520
Utilities		123,458	31,430	154,888	-	20,800	20,800	175,688
Supplies / Materials		124,101	11,855	135,956	-	-	-	135,956
Equipment / Furnishings		13,251	3,373	16,624	-	2,233	2,233	18,857
Staff development		88,625	22,562	111,187	-	14,932	14,932	126,119
Technology		139,017	35,391	174,408	-	23,422	23,422	197,830
Food service		222,725	21,275	244,000	-	-	-	244,000
Student services		18,968	1,812	20,780	1,360	-	1,360	22,140
Office expense		56,905	14,487	71,392	-	14,345	14,345	85,737
Depreciation / Amortization		175,438	44,663	220,101	-	29,558	29,558	249,659
Other		4,523	1,151	5,674	-	762	762	6,436
		<b>\$ 8,046,738</b>	<b>\$ 1,800,615</b>	<b>\$ 9,847,353</b>	<b>\$ 1,360</b>	<b>\$ 1,346,764</b>	<b>\$ 1,348,124</b>	<b>\$ 11,195,477</b>

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

**HARRIET TUBMAN CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	No. of Positions	Program Services			Supporting Services			2019
		General	Special	Total	Fundraising	Management	Total	
		Education	Education			and General		
<b>Personnel Services Costs</b>								
Administrative staff personnel	12	\$ 664,901	\$ 95,655	\$ 760,556	\$ -	\$ 303,456	\$ 303,456	\$ 1,064,012
Instructional personnel	74	2,810,036	819,689	3,629,725	-	-	-	3,629,725
Non-instructional personnel	13	669,306	85,086	754,392	-	179,374	179,374	933,766
Total salaries and staff	99	4,144,243	1,000,430	5,144,673	-	482,830	482,830	5,627,503
Fringe benefits and payroll taxes		1,103,428	117,452	1,220,880	-	85,075	85,075	1,305,955
Retirement		423,543	102,244	525,787	-	49,345	49,345	575,132
Legal service		-	-	-	-	33,625	33,625	33,625
Accounting / Audit services		-	-	-	-	32,784	32,784	32,784
Other purchased / Professional / Consulting services		667,249	140,012	807,261	-	59,945	59,945	867,206
Building and land rent / Lease / Facility finance interest		642,961	155,212	798,173	-	74,909	74,909	873,082
Repairs and maintenance		392,582	94,770	487,352	-	45,738	45,738	533,090
Insurance		82,275	19,861	102,136	-	9,586	9,586	111,722
Utilities		129,318	31,218	160,536	-	15,066	15,066	175,602
Supplies / Materials		161,599	16,724	178,323	-	-	-	178,323
Equipment / Furnishings		18,234	4,402	22,636	-	2,124	2,124	24,760
Staff development		116,645	28,158	144,803	-	13,590	13,590	158,393
Marketing / Recruitment		455	110	565	-	53	53	618
Technology		111,135	26,828	137,963	-	12,948	12,948	150,911
Food service		308,271	31,903	340,174	-	-	-	340,174
Student services		52,172	5,399	57,571	4,481	-	4,481	62,052
Office expense		72,984	17,618	90,602	-	12,916	12,916	103,518
Depreciation / Amortization		161,581	39,006	200,587	-	18,825	18,825	219,412
Other		8,623	2,082	10,705	-	1,005	1,005	11,710
		<b>\$ 8,597,298</b>	<b>\$ 1,833,429</b>	<b>\$ 10,430,727</b>	<b>\$ 4,481</b>	<b>\$ 950,364</b>	<b>\$ 954,845</b>	<b>\$ 11,385,572</b>

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

**HARRIET TUBMAN CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operating revenue and other income	\$ 12,324,859	\$ 11,993,543
Cash paid to employees and suppliers	(10,528,437)	(11,561,132)
Cash received from interest income	351	1,839
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,796,773</u>	<u>434,250</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(194,141)</u>	<u>(255,079)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on obligation under capital lease	<u>(52,267)</u>	<u>(49,599)</u>
<b>NET INCREASE IN CASH</b>	1,550,365	129,572
<b>CASH AND CASH - RESTRICTED - BEGINNING OF YEAR</b>	<u>1,122,484</u>	<u>992,912</u>
<b>CASH AND CASH - RESTRICTED - END OF YEAR</b>	<u><b>\$ 2,672,849</b></u>	<u><b>\$ 1,122,484</b></u>

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets	\$ 1,012,140	\$ 455,353
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	249,659	219,412
Amortization of deferred lease premium	-	85,000
Deferred rent	(13,440)	(26,880)
Changes in operating assets and liabilities:		
Grants and other receivables	132,900	68,314
Prepaid expenses and other assets	295,733	(266,094)
Accounts payable and accrued expenses	114,204	(142,529)
Accrued salaries and other payroll related expenses	20,884	40,531
Deferred revenue	(15,307)	1,143
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>\$ 1,796,773</b></u>	<u><b>\$ 434,250</b></u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

**Cash and Cash - Restricted Consist of:**

Cash	\$ 2,597,849	\$ 1,047,484
Cash - restricted	<u>75,000</u>	<u>75,000</u>
<b>Total</b>	<u><b>\$ 2,672,849</b></u>	<u><b>\$ 1,122,484</b></u>

**Cash paid during the period for:**

Interest	<u>\$ 1,733</u>	<u>\$ 4,401</u>
----------	-----------------	-----------------

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

# HARRIET TUBMAN CHARTER SCHOOL

---

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

### 1. NATURE OF THE ORGANIZATION

---

Harriet Tubman Charter School (the "School") is an educational corporation that operates in the borough of the Bronx, New York. On January 13, 2000, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration. The School is now on its fifth charter renewal, which will expire on June 30, 2021.

The School is designed to help students develop the skills to become leaders who read, think, write and communicate at high levels. The School's mission is to prepare students for success throughout their college years and beyond.

The School operates classes for students in kindergarten and grades one through eight. The School is split into two academies: K-4 Elementary Academy and 5-8 Junior Academy.

The New York City Department of Education ("NYCDOE") provides free transportation directly to a majority of the School's students. The School provides free lunch to all of the School's students.

The School, as determined by the Internal Revenue Service, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and under the corresponding provisions of the New York State tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

The School's primary source of income is from government funding.

### 2. SIGNIFICANT ACCOUNTING POLICIES

---

#### Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The classification of the School's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets – with donor restrictions or without donor restrictions – be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions.

#### Cash – Restricted

A restricted fund of \$75,000 is held aside to cover debts in the event of the School's dissolution, as required by the Board of Regents.

# HARRIET TUBMAN CHARTER SCHOOL

---

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

#### Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Grants and Other Receivables

Grants and other receivables represent unconditional promises to give. Grants and other receivables that are expected to be collected within one year and recorded at net realizable value are \$648,133 and \$781,033 at June 30, 2020 and 2019, respectively. The School evaluates the collectability of the receivables and employs the allowance method. The School has determined that no allowance for uncollectible accounts for grants and other receivables is necessary as of June 30, 2020 and 2019. Such estimate is based on management's assessments of the creditworthiness of its grantors, the age of its receivables, as well as current economic conditions.

#### Revenue Recognition

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

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred, if any, are reflected as refundable advances from state and local government grants in the accompanying statements of financial position.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in change in net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

#### Property and Equipment

Property and equipment are stated at cost and are being depreciated on the straight-line method over the estimated useful lives of the assets. The School has established a \$1,500 threshold above which assets are evaluated to be capitalized. Leasehold improvements are amortized over the lesser of the life of the asset or the life of the lease. Durable curriculum materials in excess of \$10,000 which are recognized to have value beyond their year of purchase are amortized over a 3-year period. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

#### Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the years ended June 30, 2020 and 2019.

## HARRIET TUBMAN CHARTER SCHOOL

---

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

##### **Advertising**

The School expenses advertising costs as incurred. The School incurred \$618 of advertising costs for the year ended June 30, 2019, which is included in the accompanying statements of functional expenses under marketing and recruitment. The School did not incur advertising costs for the year ended June 30, 2020.

##### **Functional Allocation of Expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based upon benefits received.

##### **Subsequent Events**

The School has evaluated events through October 28, 2020, which is the date the financial statements were available to be issued.

##### **Income Taxes**

The School follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure and transition.

The School files informational returns in the federal jurisdiction. With few exceptions, the School is no longer subject to federal income tax examinations for fiscal years before 2017.

The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the School would classify it as interest expense. The School would classify penalties in connection with underpayments of income tax as other expense.

##### **Deferred Rent**

In accordance with U.S. GAAP, rent expense is recognized on a straight-line basis over the life of the lease, including future escalations of rent, rather than in accordance with lease payments. Deferred rent represents the adjustment to future rents as a result of using the straight-line method.

##### **Adopted Accounting Pronouncement**

During the year ended June 30, 2020, the School adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional or not. The adoption of this update had no effect on the School's financial position and changes in net assets.



## HARRIET TUBMAN CHARTER SCHOOL

---

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

### Recent Accounting Pronouncements

#### Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity.

The update is to be applied to the beginning of the year of implementation or retrospectively. In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the update for annual reporting periods beginning after December 15, 2019, and for interim reporting periods beginning after December 15, 2020, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

#### Lease Accounting

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the School's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The School is evaluating the method of adoption it will elect.

In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2021, and for interim reporting periods beginning after December 15, 2022, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

## 3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

---

The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The School's management meets monthly to address projected cash flows to meet its operational expenditures. The School's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

## HARRIET TUBMAN CHARTER SCHOOL

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

#### 3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES (CONTINUED)

	2020	2019
Cash	\$ 2,597,849	\$ 1,047,484
Cash - restricted	75,000	75,000
Grants and other receivables	648,133	781,033
Total financial assets	3,320,982	1,903,517
Less amounts unavailable for general expenditures within one year due to: Restricted by contract with time or purpose	(75,000)	(75,000)
Total financial assets available to management for general expenditures within one year	\$ 3,245,982	\$ 1,828,517

At June 30, 2020 and 2019, the School has no board designated net assets.

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2020	2019	Estimated Useful Life
Leasehold improvements	\$ 2,220,883	\$ 2,090,654	Term of lease
Computer and equipment	1,301,203	1,237,291	3-5 years
Durable curriculum materials	-	136,205	3 years
Furniture and fixtures	291,946	291,946	7 years
Playground	97,000	97,000	8 years
	3,911,032	3,853,096	
Less: Accumulated depreciation and amortization	(3,524,520)	(3,411,066)	
	\$ 386,512	\$ 442,030	

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$249,659 and \$219,412, respectively.

#### 5. COMMITMENTS

On August 20, 2004, the School entered into a long-term lease agreement for its facilities which expired on December 31, 2019. The School is currently negotiating an extension to the lease while continuing to occupy the building and paying monthly rent of \$28,549.

In July 2012, the School entered into another lease agreement for a second building which expired in June 2016. The School is currently negotiating an extension to the lease while continuing to occupy the building and paying monthly rent of \$33,813.

Rent expense charged to operations amounted to \$734,904 and \$729,757 for the years ended June 30, 2020 and 2019, respectively.

**HARRIET TUBMAN CHARTER SCHOOL**

---

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**5. COMMITMENTS (CONTINUED)**

---

As part of the School's lease agreements, the School was required to pay a security deposit of \$128,900.

During the fiscal year 2016, the School leased five new copiers under capital lease agreements which expired on July 15, 2020. The leases require a total monthly payment of \$4,500. The original cost of the copiers under capital leases was \$237,017, with accumulated depreciation of \$233,067 and \$185,664 at June 30, 2020 and 2019, respectively. Amortization expense totaled \$47,403 for each of the years ended June 30, 2020 and 2019. The imputed rate of interest is 5.25%.

At June 30, 2020, the future minimum lease payments under the capital leases are as follows:

June 30, 2021	\$	4,500
Amount representing interest		<u>(20)</u>
	\$	<u>4,480</u>

**6. EMPLOYEE BENEFIT PLAN**

---

The School is a participating employer in the Teachers' Retirement System of the City of New York ("TRS" or the "Plan"), a cost-sharing multiple-employer public employee retirement system that provides pension benefits for all the teachers and administrative personnel employed by the Department of Education and certain employees of charter schools and the City University of New York. As a participating employer of the Plan, the School is not permitted to withdraw from the Plan.

Employer contributions to the Plan are determined by the Plan's Chief Actuary of the Office of the Actuary in accordance with state statutes and city laws, and include amounts to reduce the Plan's underfunding.

Accounting standards require employers participating in multiemployer plans to provide detailed quantitative and qualitative disclosures for these plans. TRS, which is sponsored by the City of New York, does not impose an expiration date on participating employers. The zone status is consistent with the Pension Protection Act and is for the Plan's year-end at June 30, 2019. The zone status is based on information provided in the TRS Comprehensive Annual Financial Report, which includes information from TRS' actuary and is certified by TRS' auditor. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. TRS did not report a rehabilitation plan. Information related to the Plan is comprised of the following:

<i>Pension Fund</i>	<i>Plan Month/Day End Date</i>	<i>Zone Status</i>	<i>Contribution</i>	
			<i>2020</i>	<i>2019</i>
<i>Teacher's Retirement System</i>	<i>06/30</i>	<i>Yellow - As of June 30, 2019</i>	<i>\$579,559</i>	<i>\$575,132</i>

The audited financial statements of the Plan, as of the year ended June 30, 2019, reported total assets at a fair value of \$88,113,429. The funded status of the Plan as of June 30, 2017, the most recent actuarial valuation date, is as follows:

## HARRIET TUBMAN CHARTER SCHOOL

---

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

#### 6. EMPLOYEE BENEFIT PLAN (CONTINUED)

---

	<u>Amounts in Thousands</u>
Actuarial value of assets	\$ 44,381,706
Actuarial accrued liability	<u>(69,552,380)</u>
Unfunded actuarial accrued liability	<u>\$ (25,170,674)</u>
Funded status	<u>63.8%</u>

#### 7. RISK MANAGEMENT

---

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks.

The School may be involved in various claims and legal actions in the ordinary course of business. The School does not believe there is any litigation that will have a material effect on the School.

The School enters into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund.

The charter for the School is up for renewal in June 2021. Although the School anticipates that this renewal will be granted by the authorizers, no assurance can be provided that this will occur.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The impact of the outbreak of the COVID-19 coronavirus continues to rapidly evolve. The School cannot reasonably estimate the duration and severity of this pandemic; however, economic uncertainties have arisen which could have a material adverse impact on the School's activities, its financial position and its cash flows. The School believes they are taking appropriate actions to mitigate the negative impact.

#### 8. CONCENTRATIONS

---

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000.

The School received approximately 92% of its revenue and support from per pupil funding from the NYCDOE during each of the years ended June 30, 2020 and 2019.

The School's grants and other receivables consist of two major grantors at June 30, 2020 and 2019.

The School's payables consist of three major vendors at June 30, 2020 and 2019.

**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**

To the Board of Trustees  
Harriet Tubman Charter School

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 Harriet Tubman Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2020.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as Finding 2020-01.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the School in a separate letter dated October 28, 2020.



### **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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MBAF CPAs, LLC

New York, NY  
October 28, 2020

# HARRIET TUBMAN CHARTER SCHOOL

---

## SCHEDULE OF FINDINGS AND RESPONSES JUNE 30, 2020

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

---

#### Financial Statements

Type of auditor’s report issued on whether the financial statements were prepared in accordance with U.S. GAAP:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness (es) identified?	Yes _____	No <u>  √  </u> _____
Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes _____	None reported <u>  √  </u> _____
Noncompliance material to financial statements noted?	Yes <u>  √  </u> _____	No _____

### SECTION II – FINANCIAL STATEMENT FINDING

---

#### Finding: 2020-01

Criteria and condition: The School is required to be in compliance with the New York State Education Department (“NYSED”) requirements. The teacher certification exemption allows charter schools to have up to 15 uncertified teachers. The School had 16 teachers that were uncertified.

Context: NYSED requires the School to have no more than 15 uncertified teachers, with the provision that five of these teachers be teaching math, science, computer science, technology, or career and technical education, with the remaining ten teachers not restricted.

Cause: Due to various external factors, management has been unable to consistently recruit and retain the requisite number of certified teachers in order to be in compliance with NYSED requirements.

Effect: The School can be under additional scrutiny from the New York City Department of Education for not being in compliance with the NYSED requiring teachers to be qualified through certification.

Recommendation: We recommend the School review its hiring and recruitment procedures and retention policies so as to be in compliance with the NYSED teacher qualification requirements.

### SECTION III – VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

---

#### Finding: 2020-01

There are (16) sixteen uncertified teachers at Harriet Tubman Charter School. Each uncertified teacher has been placed on a Professional Improvement Plan (PIP) to ensure that each teacher receives NYS certification as expeditiously as possible.

### SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS

---

None noted.



## Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

<b>School Name:</b>	<b>Charter School Name</b>
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 #9
School Fiscal Contact Name:	Cleveland Person
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	MBAF CPAs, LLC
School Audit Contact Name:	Marc Taub
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	
Management Letter Response	
Form 990	
Federal Single Audit (A-133)	
Corrective Action Plan	



**Charter School Name**  
**Statement of Financial Position**  
**as of June 30**

	<u>2020</u>	<u>2019</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 2,597,849	\$ 1,047,484
Grants and contracts receivable	648,133	781,033
Accounts receivables	-	-
Prepaid Expenses	2,674	298,407
Contributions and other receivables	-	-
Other current assets	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>3,248,656</b>	<b>2,126,924</b>
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Building and Equipment, net	\$ 386,512	\$ 442,030
Restricted Cash	75,000	75,000
Security Deposits	128,900	128,900
Other Non-Current Assets	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>590,412</b>	<b>645,930</b>
<b>TOTAL ASSETS</b>	<b><u>3,839,068</u></b>	<b><u>2,772,854</u></b>
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 647,678	\$ 533,474
Accrued payroll, payroll taxes and benefits	550,861	529,977
Current Portion of Loan Payable	-	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	15,307
Other Current Liabilities	4,480	56,747
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,203,019</b>	<b>1,135,505</b>
<b><u>LONG-TERM LIABILITIES</u></b>		
Loan Payable; Due in More than One Year	\$ -	\$ -
Deferred Rent	-	13,440
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>-</b>	<b>13,440</b>
<b>TOTAL LIABILITIES</b>	<b><u>1,203,019</u></b>	<b><u>1,148,945</u></b>
<b><u>NET ASSETS</u></b>		
Unrestricted	\$ 2,636,049	\$ 1,623,909
Temporarily restricted	-	-
Permanently restricted	-	-
<b>TOTAL NET ASSETS</b>	<b><u>2,636,049</u></b>	<b><u>1,623,909</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>3,839,068</u></b>	<b><u>2,772,854</u></b>

**Charter School Name**  
**Statement of Activities**  
**as of June 30**

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
<b>OPERATING REVENUE</b>				
State and Local Per Pupil Revenue - Reg. Ed	\$ 10,725,315	\$ -	\$ 10,725,315	\$ 9,923,528
State and Local Per Pupil Revenue - SPED	529,406	-	529,406	618,008
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	665,406	-	665,406	712,406
State and City Grants	132,117	-	132,117	314,605
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	155,022	-	155,022	270,539
<b>TOTAL OPERATING REVENUE</b>	<b>12,207,266</b>	<b>-</b>	<b>12,207,266</b>	<b>11,839,086</b>
<b>EXPENSES</b>				
Program Services				
Regular Education	\$ 8,046,738	\$ -	\$ 8,046,738	\$ 8,597,298
Special Education	1,800,615	-	1,800,615	1,833,429
Other Programs	-	-	-	-
Total Program Services	9,847,353	-	9,847,353	10,430,727
Management and general	1,346,764	-	1,346,764	950,364
Fundraising	1,360	-	1,360	4,481
<b>TOTAL EXPENSES</b>	<b>11,195,477</b>	<b>-</b>	<b>11,195,477</b>	<b>11,385,572</b>
<b>SURPLUS / (DEFICIT) FROM OPERATIONS</b>	<b>1,011,789</b>	<b>-</b>	<b>1,011,789</b>	<b>453,514</b>
<b>SUPPORT AND OTHER REVENUE</b>				
Interest and Other Income	\$ 351	\$ -	\$ 351	\$ 1,839
Contributions and Grants	-	-	-	-
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	-	-	-	-
<b>TOTAL SUPPORT AND OTHER REVENUE</b>	<b>351</b>	<b>-</b>	<b>351</b>	<b>1,839</b>
<b>Net Assets Released from Restrictions / Loss on Disposal of Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,012,140</b>	<b>-</b>	<b>1,012,140</b>	<b>455,353</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 1,623,909</b>	<b>\$ -</b>	<b>\$ 1,623,909</b>	<b>\$ 1,168,556</b>
<b>PRIOR YEAR/PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,636,049</b>	<b>\$ -</b>	<b>\$ 2,636,049</b>	<b>\$ 1,623,909</b>

**Charter School Name**  
**Statement of Cash Flows**

**as of June 30**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS - OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 1,012,140	\$ 455,353
Revenues from School Districts	-	-
Accounts Receivable	132,900	68,314
Due from School Districts	-	-
Depreciation	249,659	304,412
Grants Receivable	-	-
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	295,733	(266,094)
Accounts Payable	114,204	(142,529)
Accrued Expenses	20,884	40,531
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	(13,440)	(26,880)
Deferred Revenue	(15,307)	1,143
Interest payments	-	-
Other	-	-
Other	-	-
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>\$ 1,796,773</b>	<b>\$ 434,250</b>
<b>CASH FLOWS - INVESTING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>
Purchase of equipment	(194,141)	(255,079)
Other	-	-
<b>NET CASH PROVIDED FROM INVESTING ACTIVITIES</b>	<b>\$ (194,141)</b>	<b>\$ (255,079)</b>
<b>CASH FLOWS - FINANCING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>
Principal payments on long-term debt	(52,267)	(49,599)
Other	-	-
<b>NET CASH PROVIDED FROM FINANCING ACTIVITIES</b>	<b>\$ (52,267)</b>	<b>\$ (49,599)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,550,365</b>	<b>\$ 129,572</b>
Cash at beginning of year	1,122,484	992,912
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 2,672,849</b>	<b>\$ 1,122,484</b>

**Charter School Name**  
**Statement of Functional Expenses**  
**as of June 30**

		2020							2019		
No. of Positions		Program Services				Supporting Services			Total		
		Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total			
	Personnel Services Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	
	Administrative Staff Personnel	12.00	514,949	102,369	-	617,317	-	521,377	521,377	1,138,695	1,064,012
	Instructional Personnel	72.00	3,026,447	884,200	-	3,910,647	-	-	-	3,910,647	3,629,725
	Non-Instructional Personnel	13.00	659,135	82,802	-	741,937	-	186,333	186,333	928,271	933,766
	Total Salaries and Staff	97.00	4,200,531	1,069,371	-	5,269,902	-	707,711	707,711	5,977,612	5,627,503
	Fringe Benefits & Payroll Taxes		1,193,196	127,008	-	1,320,204	-	91,996	91,996	1,412,200	1,305,955
	Retirement		407,262	103,681	-	510,943	-	68,616	68,616	579,559	575,132
	Management Company Fees		-	-	-	-	-	-	-	-	-
	Legal Service		-	-	-	-	-	3,500	3,500	3,500	33,625
	Accounting / Audit Services		-	-	-	-	-	25,900	25,900	25,900	32,784
	Other Purchased / Professional / Consulting Services		377,600	83,145	-	460,746	-	191,165	191,165	651,910	867,206
	Building and Land Rent / Lease		559,036	142,319	-	701,355	-	94,187	94,187	795,542	873,082
	Repairs & Maintenance		269,357	68,573	-	337,930	-	45,382	45,382	383,312	533,090
	Insurance		72,745	18,519	-	91,264	-	12,256	12,256	103,521	111,722
	Utilities		123,458	31,430	-	154,888	-	20,800	20,800	175,689	175,602
	Supplies / Materials		124,101	11,855	-	135,956	-	-	-	135,956	178,323
	Equipment / Furnishings		13,251	3,373	-	16,624	-	2,233	2,233	18,857	24,760
	Staff Development		88,625	22,562	-	111,187	-	14,932	14,932	126,119	158,393
	Marketing / Recruitment		-	-	-	-	-	-	-	-	618
	Technology		139,017	35,391	-	174,408	-	23,422	23,422	197,830	150,911
	Food Service		222,725	21,275	-	244,000	-	-	-	244,000	340,174
	Student Services		18,968	1,812	-	20,780	1,360	-	1,360	22,140	62,052
	Office Expense		56,905	14,487	-	71,391	-	14,345	14,345	85,736	103,518
	Depreciation		175,438	44,663	-	220,101	-	29,558	29,558	249,659	219,412
	OTHER		4,523	1,151	-	5,674	-	762	762	6,436	11,710
	<b>Total Expenses</b>		<b>\$ 8,046,738</b>	<b>\$ 1,800,615</b>	<b>\$ -</b>	<b>\$ 9,847,354</b>	<b>\$ 1,360</b>	<b>\$ 1,346,764</b>	<b>\$ 1,348,124</b>	<b>\$ 11,195,477</b>	<b>\$ 11,385,572</b>

**Harriet Tubman Charter School (HTCS)**  
**Budget Overview: HTCS Budget FY21 - FY21 P&L**  
 July 2020 - June 2021

	<b>Total</b>
<b>Revenue</b>	
<b>4000 State &amp; NYC Grants</b>	
4001 Per Pupil General Education	10,318,720.00
4002 Per Pupil Special Education	651,128.00
4005 NYSTL (non-cash)	39,424.00
4006 NYSSL (non-cash)	10,112.00
4007 NYSLIB (non-cash)	4,224.00
4008 State Grants - (Other)	96,000.00
<b>Total 4000 State &amp; NYC Grants</b>	<b>\$ 11,119,608.00</b>
<b>4100 Federal Grants</b>	
4101 IDEA Special Needs	33,676.00
4102 Title I	399,821.00
4103 Title IIA	104,109.00
4106 E-Rate	59,750.00
4107 Federal Food Program	310,374.00
4108 State Food Program	7,295.00
<b>Total 4100 Federal Grants</b>	<b>\$ 915,025.00</b>
<b>4200 Contributions &amp; Donations</b>	
4202 Unrestricted Contributions	1,000.00
<b>Total 4200 Contributions &amp; Donations</b>	<b>\$ 1,000.00</b>
<b>4300 Fundraising</b>	
4301 Fundraising General	10,000.00
4302 Fundraising Events	5,000.00
<b>Total 4300 Fundraising</b>	<b>\$ 15,000.00</b>
<b>4400 Interest Income</b>	
4401 Interest in bank	390.00
<b>Total 4400 Interest Income</b>	<b>\$ 390.00</b>
<b>Total Revenue</b>	<b>\$ 12,051,023.00</b>
<b>Gross Profit</b>	<b>\$ 12,051,023.00</b>
<b>Expenditures</b>	
<b>50000 Personnel</b>	
<b>5000 Administrative Personnel Costs</b>	
5001 Instructional Management	553,411.00
5003 Operations/Business Management	567,309.00
<b>Total 5000 Administrative Personnel Costs</b>	<b>\$ 1,120,720.00</b>
<b>5100 Instructional Personnel Cost</b>	
5101 Teachers- Regular	2,537,535.00
5102 Teachers- Special Ed	600,394.00
5103 Substitute Teacher	99,120.00
5104 Teaching Assistants	871,247.00
5105 Coaches	79,970.00

<b>Total 5100 Instructional Personnel Cost</b>	<b>\$</b>	<b>4,188,266.00</b>
<b>5200 Non-Instructional Staff</b>		
5203 Maintenance		68,188.00
5204 School/Cafeteria Aides		238,002.00
5206 Other NIS		219,801.00
5208 Summer Support Staff		35,000.00
<b>Total 5200 Non-Instructional Staff</b>	<b>\$</b>	<b>560,991.00</b>
<b>5250 Bonuses &amp; Stipends</b>		
5251 Incentive Bonus		75,000.00
5253 Stipends		200,000.00
<b>Total 5250 Bonuses &amp; Stipends</b>	<b>\$</b>	<b>275,000.00</b>
<b>Total 50000 Personnel</b>	<b>\$</b>	<b>6,144,977.00</b>
<b>5300 Payroll Taxes</b>		
5302 Social Security - ER		381,919.00
5304 Medicare - ER		89,320.00
5305 NYS SUI		44,440.00
<b>Total 5300 Payroll Taxes</b>	<b>\$</b>	<b>515,679.00</b>
<b>5400 Employee Benefits</b>		
5401 Health/Medical		756,522.00
5402 Dental and Vision		1,512.00
5403 Workers Compensation		36,000.00
5404 Life, Disability, Dental		107,028.00
5412 Benefits Service		1,500.00
<b>Total 5400 Employee Benefits</b>	<b>\$</b>	<b>902,562.00</b>
<b>5500 Retirement &amp; Pension</b>		
5501 Teacher's Retirement System		412,396.00
<b>Total 5500 Retirement &amp; Pension</b>	<b>\$</b>	<b>412,396.00</b>
<b>6000 Professional Services/Contracted</b>		
6001 Accounting & Audit Fees		25,900.00
6002 Legal - Paid		50,000.00
6005 Payroll Service Fees		26,000.00
6008 Fingerprinting & Background Svc		3,000.00
6009 Substitute Services		130,000.00
6010 Prof/Contracted Svcs-Other		237,760.00
6013 Security Contracted		308,039.00
<b>Total 6000 Professional Services/Contracted</b>	<b>\$</b>	<b>780,699.00</b>
<b>6100 Board Expenses</b>		
6101 Board Meeting Expenses		5,700.00
6102 Board Development		5,000.00
<b>Total 6100 Board Expenses</b>	<b>\$</b>	<b>10,700.00</b>
<b>6200 Curriculum &amp; Consumables</b>		
6201 Consumable Supplies & Materials		10,000.00
6202 Classroom Curriculum		30,000.00
6206 Music Supplies & Materials		2,000.00
6209 Student Incentives		25,000.00
6210 NYSSL		10,112.00
6211 NYSLIB		4,224.00

<b>Total 6200 Curriculum &amp; Consumables</b>	<b>\$</b>	<b>81,336.00</b>
<b>6400 Textbooks &amp; Workbooks</b>		
6401 Textbooks and Workbooks		12,000.00
6402 NYSTL		39,424.00
<b>Total 6400 Textbooks &amp; Workbooks</b>	<b>\$</b>	<b>51,424.00</b>
<b>6600 Student Testing &amp; Assessment</b>		
6601 Testing & Assessment Materials		30,900.00
6602 Testing & Assessment Scoring		10,000.00
<b>Total 6600 Student Testing &amp; Assessment</b>	<b>\$</b>	<b>40,900.00</b>
<b>6700 Field Trips &amp; Events</b>		
6701 Field Trips		25,000.00
6702 Assemblies & Programs		20,000.00
<b>Total 6700 Field Trips &amp; Events</b>	<b>\$</b>	<b>45,000.00</b>
<b>6800 School Meals/Lunches</b>		
6801 Food/Meal Services		340,000.00
<b>Total 6800 School Meals/Lunches</b>	<b>\$</b>	<b>340,000.00</b>
<b>6900 Student Services</b>		
6902 Uniforms		5,000.00
6903 Parent Outreach & Education Programs		400.00
<b>Total 6900 Student Services</b>	<b>\$</b>	<b>5,400.00</b>
<b>7000 Office Expenses</b>		
7001 Office Supplies		50,000.00
7003 Postage & Shipping		1,000.00
<b>Total 7000 Office Expenses</b>	<b>\$</b>	<b>51,000.00</b>
<b>7100 Equip. &amp; Furniture (non-capitalized)</b>		
7101 Leased Equipment		10,000.00
7102 Equipment Purchases		5,000.00
7103 Furniture Purchases		3,000.00
7104 Equip. Repairs & Maintenance		18,931.00
<b>Total 7100 Equip. &amp; Furniture (non-capitalized)</b>	<b>\$</b>	<b>36,931.00</b>
<b>7200 Communication</b>		
7201 Telephone & Fax		22,800.00
7202 Cellular Phones		23,000.00
<b>Total 7200 Communication</b>	<b>\$</b>	<b>45,800.00</b>
<b>7300 Technology (Non Asset)</b>		
7301 Internet		55,692.00
7302 Technology Services		50,664.00
7303 Technology Supplies		4,000.00
7304 Equipment (non-capitalized)		1,500.00
7305 Software (non-capitalized)		17,262.00
<b>Total 7300 Technology (Non Asset)</b>	<b>\$</b>	<b>129,118.00</b>
<b>7400 Staff Development</b>		
7401 Administrative Staff		2,500.00
7402 Instructional Staff		63,000.00
7404 Teacher Appreciation		25,000.00
<b>Total 7400 Staff Development</b>	<b>\$</b>	<b>90,500.00</b>
<b>7500 Staff Recruitment &amp; General Advertising</b>		

7501 Job Fairs, Postings		5,000.00
7502 Advertising		2,500.00
<b>Total 7500 Staff Recruitment &amp; General Advertising</b>	<b>\$</b>	<b>7,500.00</b>
<b>7600 Student Recruitment &amp; Marketing</b>		
7601 Mailing, Advertising & Services		15,000.00
<b>Total 7600 Student Recruitment &amp; Marketing</b>	<b>\$</b>	<b>15,000.00</b>
<b>7700 Staff Travel</b>		
7701 Local Travel		1,500.00
7702 Travel & Lodging		1,500.00
7703 Meals		250.00
<b>Total 7700 Staff Travel</b>	<b>\$</b>	<b>3,250.00</b>
<b>7800 Fundraising Expense</b>		
7801 Fundraising General Exp		5,000.00
<b>Total 7800 Fundraising Expense</b>	<b>\$</b>	<b>5,000.00</b>
<b>7900 Other OTPS</b>		
7901 Bank Charges		200.00
7903 Dues & Memberships		10,000.00
<b>Total 7900 Other OTPS</b>	<b>\$</b>	<b>10,200.00</b>
<b>8000 Insurance</b>		
8001 General Liability, Umbrella, D&O		120,000.00
<b>Total 8000 Insurance</b>	<b>\$</b>	<b>120,000.00</b>
<b>8100 Facility Operations &amp; Maintenance</b>		
8101 Rent - Main		359,717.00
8102 Rent - Franklin		415,902.00
8103 Rent - Gym		8,500.00
8104 Utilities		192,000.00
8105 Property Tax		61,839.00
8106 Repairs & Maintenance		100,392.00
8107 Janitorial Services		270,000.00
8108 Janitorial Supplies		166,392.00
8109 Alarm System		75,000.00
<b>Total 8100 Facility Operations &amp; Maintenance</b>	<b>\$</b>	<b>1,649,742.00</b>
<b>8200 Depreciation &amp; Amortization</b>		
8201 Depreciation		180,000.00
8202 Amortization		300,000.00
<b>Total 8200 Depreciation &amp; Amortization</b>	<b>\$</b>	<b>480,000.00</b>
<b>Total Expenditures</b>	<b>\$</b>	<b>11,975,114.00</b>
<b>Net Operating Revenue</b>	<b>\$</b>	<b>75,909.00</b>
<b>Net Revenue</b>	<b>\$</b>	<b>75,909.00</b>





# Statement

Investing in your future since 1863

Want free checking? Prefer NOW checking? We have the account that's right for you. View our checking options at [www.applebank.com](http://www.applebank.com).

35 HARRIET TUBMAN CHARTER SCHOOL  
3565 THIRD AVENUE  
BRONX NY 10456

Account Number: [REDACTED]  
Last Statement: 5/05/2020  
Statement Date: 6/02/2020

\*\*\*\*\*

\*\*\* ExtraValue Checking 4353161641 \*\*\*

**ACCOUNT SUMMARY**

Beginning Balance:	75,000.00	DISSOLUTION ACCOUNT
Deposits/Credits:	.00	
Withdrawals/Debits:	.00	
Ending Balance:	75,000.00	

**SUMMARY OF ACCOUNTS**

Deposit Accounts

AP	Account	Balance	Rate%	YTD-Int	YTD-Penalty	Maturity
CK	[REDACTED]	75,000.00		.00		

T-Bill Indexed Money Market APY for June 2020 for all tiers will be .40%  
Due to market conditions the indexed formula was not applied for June 2020

**BALANCE YOUR STATEMENT AND CHECKBOOK USING THE FOLLOWING STEPS:**

**FIRST, start with your Account Register/Checkbook:**

1. Enter your Account Register/Checkbook Balance \_\_\_\_\_ \$ \_\_\_\_\_
2. Subtract service charges or other deductions not previously recorded that are shown on this statement \_\_\_\_\_ \$ \_\_\_\_\_
3. Add credits not previously recorded that are shown on this statement (for example, interest) \_\_\_\_\_ \$ \_\_\_\_\_
4. NEW ACCOUNT REGISTER BALANCE \_\_\_\_\_ \$ \_\_\_\_\_

**NOW, with your Account Statement:**

1. Enter your Statement Ending Balance \_\_\_\_\_ \$ \_\_\_\_\_
2. Add deposits not shown on this statement \_\_\_\_\_ \$ \_\_\_\_\_

SUBTOTAL \_\_\_\_\_ \$ \_\_\_\_\_

3. List all outstanding checks, ATM, Debit Card and other electronic withdrawals

Checks, ATM/Debit Card, Electronic Withdrawals		Checks, ATM/Debit Card, Electronic Withdrawals		Checks, ATM/Debit Card, Electronic Withdrawals	
Date/Check#	Amount	Date/Check#	Amount	Date/Check#	Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

4. TOTAL OF OUTSTANDING CHECKS, ATM, Debit Card and other electronic withdrawals \_\_\_\_\_ \$ \_\_\_\_\_
5. Subtract total outstanding checks, ATM, Debit Card and other electronic withdrawals from Subtotal  
This Balance should match your new Account Register Balance \_\_\_\_\_ \$ \_\_\_\_\_

**LINES OF CREDIT**

For credit line accounts described below ("Credit Lines"), we figure interest charges ("Interest") by applying the "daily periodic rate" (as shown on the statement) to the "daily balance" of the Credit Line, including current transactions. To get the daily balance, take the beginning Credit Line balance each day, add new advances/fees, and subtract unpaid interest or other fees, and payments or credits. To determine interest for a billing cycle, multiply each daily balance by the applicable daily periodic rate, and then add daily interest charges together.

**PAYMENTS (Unsecured Line - Consumers Only):** All deposits and other credits made to your checking account will automatically be credited at the close of each business day towards payment of any outstanding principal balance on your Credit Line. You may repay your new balance at any time, in whole or part. However, on the due date of each billing cycle, the minimum installment due will be automatically deducted from your checking account to the extent that deposits made during the cycle have not satisfied that installment. Each minimum installment payment will consist of the Interest, late charges and amount past due, plus the regular repayment of the principal based upon the terms contained in your agreement with the Bank (i.e., 1/60th of the unpaid principal balance, with a minimum payment of \$20).

**PAYMENTS (Secured Line - Consumers and Business):** Each minimum installment will consist of the interest, late charges and amount past due, plus the regular repayment of principal, based upon the terms contained in your agreement with the Bank (i.e., 1/60th of the unpaid principal balance, with a minimum payment of \$75). The minimum monthly installment payment will be automatically deducted from your checking account on the due date of your billing cycle, every month. The due date of your billing cycle is twenty (20) days following the closing date of your checking account cycle. If this day falls on a Saturday, Sunday or Bank Holiday, the due date of your billing cycle will be the next business day. You may prepay your new balance at any time, in whole or part. Additional payments to the Credit Line during the first twenty (20) days of each new billing cycle will first be applied towards payment of the minimum monthly installment required to be made on the due date. Amounts paid in excess of the required minimum monthly installment will be credited to the outstanding principal balance on your Credit Line and will not count towards any minimum monthly installment payment.

**DISCLOSURE REQUIRED UNDER THE FEDERAL FAIR CREDIT BILLING ACT**

**IN CASE OF ERRORS OR INQUIRIES ABOUT YOUR BILL**

If you suspect there is an error in your Line of Credit bill or if you need more information about a transaction appearing on your statement, write us a letter on a separate sheet of paper and mail it to the address below. Write us as soon as possible. We must hear from you no later than sixty (60) days after we sent you the FIRST statement on which the error or problem appeared. You may call us with your inquiry but doing so will not preserve your rights.

In your letter, please give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You remain obligated to pay the parts of your bill not in dispute during the time we are resolving the dispute, but you do not have to pay any amount in dispute. During that time, we may not take any action to collect disputed amounts or report disputed amounts as delinquent.

**DISCLOSURE REQUIRED UNDER ELECTRONIC FUNDS TRANSFER ACT**

**IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS:** Call the Digital Payments Team at 1-800-216-6985 or write us at 900 Stewart Avenue, Suite 605, Garden City, NY 11530, Attn.: Digital Payments, if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared. You will need to provide the following information: (1) Tell us your name and account number (if any); (2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information; and (3) Tell us the dollar amount of the suspected error. If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days to do this, we will credit your account for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation.

**DIRECT DEPOSITS:** If you have arranged to have direct deposits made to your account, such as Social Security or salary payments, you can confirm whether or not the deposit has been made by calling the numbers noted below. You may also review your activity online or visit your neighborhood Apple Bank branch for information.

Apple Bank for Savings, P.O. Box 705, New York, NY 10113-0705 CustomerLine: 1-914-902-2775 TDD Number: 1-800-824-0710

PLEASE EXAMINE THIS STATEMENT. IF NO ERROR IS REPORTED IN 14 DAYS, THE ACCOUNT WILL BE CONSIDERED CORRECT. NOTIFY US OF ANY CHANGE OF ADDRESS.

CHK-404 2/20