

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

REPORT TO THE FINANCE COMMITTEE

JUNE 30, 2020

October 28, 2020

The Finance Committee
Hebrew Language Academy Charter School 2

We have audited the financial statements of Hebrew Language Academy Charter School 2 as of and for the year ended June 30, 2020, and have issued our report thereon dated October 28, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 15, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Hebrew Language Academy Charter School 2 solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced CFO and outsourced finance team who review draft financial statements prior to issuance and accepts responsibility for them.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Hebrew Language Academy Charter School 2 is included in Note A to the financial statements. As disclosed in Note A to the financial statements, during the year the Charter School adopted new guidance for revenue recognition (ASC 606 and ASU 2018-08). In addition, the Charter School changed its statement of cash flows presentation by adopting FASB ASC 230. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allocations of operating expenses to program expenses and management and general expenses and the collectability of grants receivable. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Hebrew Language Academy Charter School 2's financial statements relate to revenue and support recognition and lease commitments, which is referred to in the notes of the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material either individually or in the aggregate, to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Hebrew Language Academy Charter School 2's financial statements or the auditor's report. We are pleased to report no such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Hebrew Language Academy Charter School 2, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Hebrew Language Academy Charter School 2's auditors.

* * * * *

Should you desire further information concerning these matters, Michelle Cain or Kurt Button will be happy to meet with you at your convenience.

This report is intended solely for the information and use of the Board of Trustees, Finance Committee and management of Hebrew Language Academy Charter School 2 and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



MENGEL, METZGER, BARR & CO. LLP

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

BROOKLYN, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

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
Hebrew Language Academy Charter School 2

Report on the Financial Statements

We have audited the accompanying financial statements of Hebrew Language Academy Charter School 2, 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.

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 Hebrew Language Academy Charter School 2 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 Hebrew Language Academy Charter School 2's June 30, 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended 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 28, 2020 on our consideration of Hebrew Language Academy Charter School 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hebrew Language Academy Charter School 2's internal control over financial reporting and compliance.

Emphasis of Matter with Respect to Change of Accounting Methods

As discussed in Note A to the financial statements, in 2020, Hebrew Language Academy Charter School 2 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, Baw & Co. LLP

Rochester, New York
October 28, 2020

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

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	\$ 1,141,828	\$ 565,996
Grants and other receivables	199,282	193,386
Due from Charter Management Organization	401,149	34,127
Due from related party	-	67,263
Prepaid expenses	3,561	8,049
TOTAL CURRENT ASSETS	<u>1,745,820</u>	<u>868,821</u>
<u>OTHER ASSETS</u>		
Property and equipment, net	195,693	186,374
Cash in escrow	75,000	50,000
Deposits	58,722	63,203
	<u>329,415</u>	<u>299,577</u>
TOTAL ASSETS	<u>\$ 2,075,235</u>	<u>\$ 1,168,398</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 138,355	\$ 126,335
Accrued payroll and benefits	251,295	136,550
Due to Charter Management Organization	127,442	148,287
Due to related parties	10,362	13,392
Current portion of Paycheck Protection Program loan payable	215,708	-
TOTAL CURRENT LIABILITIES	<u>743,162</u>	<u>424,564</u>
<u>LONG-TERM DEBT</u>		
Non-current portion of Paycheck Protection Program loan payable	<u>269,109</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,012,271</u>	<u>424,564</u>
<u>NET ASSETS</u>		
Without donor restrictions	1,062,964	548,822
With donor restrictions	-	195,012
TOTAL NET ASSETS	<u>1,062,964</u>	<u>743,834</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,075,235</u>	<u>\$ 1,168,398</u>

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

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Year ended June 30,			
	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenue and support:				
State and local per pupil operating revenue	\$ 5,737,544	\$ -	\$ 5,737,544	\$ 5,000,032
Governmental grants and contracts	318,164	-	318,164	422,992
Contributions	331,256	-	331,256	5,028
Net assets released from restriction	<u>195,012</u>	<u>(195,012)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	6,581,976	(195,012)	6,386,964	5,428,052
Expenses:				
Program services:				
Regular education	3,343,358	-	3,343,358	3,118,920
Special education	<u>2,094,717</u>	<u>-</u>	<u>2,094,717</u>	<u>1,267,355</u>
TOTAL PROGRAM SERVICES	5,438,075	-	5,438,075	4,386,275
Management and general	<u>629,759</u>	<u>-</u>	<u>629,759</u>	<u>545,543</u>
TOTAL OPERATING EXPENSES	<u>6,067,834</u>	<u>-</u>	<u>6,067,834</u>	<u>4,931,818</u>
CHANGE IN NET ASSETS	514,142	(195,012)	319,130	496,234
Net assets at beginning of year	<u>548,822</u>	<u>195,012</u>	<u>743,834</u>	<u>247,600</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,062,964</u>	<u>\$ -</u>	<u>\$ 1,062,964</u>	<u>\$ 743,834</u>

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

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

STATEMENT OF FUNCTIONAL EXPENSES

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

	Number of positions	Year ended June 30,					2019
		2020			2019		
		Program Services			Supporting Services	Total	
	Regular Education	Special Education	Sub-total	Management and general			
Personnel services costs:							
Administrative staff personnel	9	\$ 372,193	\$ 182,670	\$ 554,863	\$ 238,035	\$ 792,898	\$ 693,363
Instructional personnel	32	1,075,806	761,022	1,836,828	-	1,836,828	1,430,342
TOTAL PERSONNEL SERVICES COSTS	41	1,447,999	943,692	2,391,691	238,035	2,629,726	2,123,705
Fringe benefits & payroll taxes		365,901	238,465	604,366	60,150	664,516	497,217
Retirement		16,764	10,926	27,690	2,756	30,446	23,083
Management company fees		257,386	167,744	425,130	42,311	467,441	400,130
Legal services		-	-	-	39,858	39,858	20,037
Accounting / audit services		-	-	-	94,246	94,246	84,847
Other purchased / professional / consulting services		56,685	28,577	85,262	3,959	89,221	83,972
Occupancy		765,656	498,994	1,264,650	125,865	1,390,515	1,062,240
Repair and maintenance		16,234	10,580	26,814	2,669	29,483	6,079
Insurance		25,397	16,552	41,949	4,175	46,124	38,955
Utilities		17,960	11,705	29,665	2,953	32,618	30,343
Supplies / materials		128,009	50,580	178,589	-	178,589	136,396
Equipment / furnishings		11,725	7,641	19,366	1,927	21,293	16,866
Staff development		66,927	28,395	95,322	1,249	96,571	97,211
Marketing / recruitment		38,070	17,515	55,585	1,584	57,169	43,584
Technology		374	148	522	-	522	1,496
Food service		68,441	27,043	95,484	-	95,484	146,165
Student service		11,039	4,362	15,401	-	15,401	43,576
Office expense		6,609	4,308	10,917	1,087	12,004	20,288
Depreciation and amortization		39,153	25,517	64,670	6,436	71,106	54,564
Miscellaneous		3,029	1,973	5,002	499	5,501	1,064
		<u>\$ 3,343,358</u>	<u>\$ 2,094,717</u>	<u>\$ 5,438,075</u>	<u>\$ 629,759</u>	<u>\$ 6,067,834</u>	<u>\$ 4,931,818</u>

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

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

STATEMENT OF CASH FLOWS

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

	June 30,	
	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 319,130	\$ 496,234
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	71,106	54,564
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(5,896)	140,884
Due from Charter Management Organization	(367,022)	(34,127)
Due from related party	67,263	(67,263)
Prepaid expenses	4,488	8,008
Deposits	4,481	(63,203)
Accounts payable and accrued expenses	12,020	17,557
Accrued payroll and benefits	114,745	41,957
Due to Charter Management Organization	(20,845)	35,932
Due to related parties	(3,030)	(8,515)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>196,440</u>	<u>622,028</u>
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(80,425)</u>	<u>(105,903)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(80,425)	(105,903)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on Paycheck Protection Program loan payable	<u>484,817</u>	<u>-</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>484,817</u>	<u>-</u>
NET INCREASE IN CASH AND RESTRICTED CASH	600,832	516,125
Cash and restricted cash at beginning of year	<u>615,996</u>	<u>99,871</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,216,828</u>	<u>\$ 615,996</u>

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

STATEMENT OF CASH FLOWS, Cont'd

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

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</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	\$ 1,141,828	\$ 565,996
Cash in escrow	<u>75,000</u>	<u>50,000</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 1,216,828</u>	<u>\$ 615,996</u>

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

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

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

Hebrew Language Academy Charter School 2 (the “Charter School”), is an education corporation operating as a charter school in the Borough of Brooklyn, New York. On November 15, 2016, the Board of Regents of the University of the State of New York, on behalf of the State Education Department, granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration on June 30, 2022.

The Charter School provides students with the academic and personal foundation necessary to successfully pursue advanced studies and achieve continued personal growth as ethical and informed global citizens. In order to accomplish this, the Charter School offers an academically rigorous curriculum which includes daily instruction in the Hebrew language.

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.

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

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.

The Charter School records substantially all revenues over time as follows:

Per pupil allocation income and students with disabilities revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil 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 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. Rental assistance totaled \$1,062,240 and \$998,730 for the years ended June 30, 2020 and 2019, respectively, and is included in state and local per pupil operating revenue in the accompanying statement of activities and changes in net assets.

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	\$ 52,086	\$ 107,482	\$ 50,380

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

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

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.

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

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 were no revenues deferred at June 30, 2020 and 2019. The Charter School received cost-reimbursement grants of approximately \$11,274 and \$3,675 that have not been recognized at June 30, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred.

Cash

Cash balances are maintained at a financial institution located in New York and are insured by the FDIC up to \$250,000 at that 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, pursuant to its Charter Agreement, to pay off expenses in the event of dissolution of the Charter School. The amount in escrow was \$75,000 and \$50,000 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 or 2019.

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

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

Due from related party

The Charter School had an amount due from another charter school that is in the same network at June 30, 2019. The related party receives meal subsidies from the federal and state governments on behalf of the Charter School. There was no amount due at June 30, 2020. The amount due was approximately \$67,300 at June 30, 2019.

Property and equipment

Property and equipment are recorded at cost. Depreciation is 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 seven years.

Due to related parties

The Charter School has amounts due to other charter schools in the same network. The charter schools shared chess and school food consultant services, in which the Charter School reimburses the related parties for the expenses. The amounts due were approximately \$10,400 and \$13,400 at 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.

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 period 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.

Contributed services

The Charter school receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. In addition, the Charter School received donated transportation services, special education teacher support services, and speech, occupational and physical therapy services that were provided for the students from the local district. The Charter School was unable to determine a value for these services.

In-kind contributions

Gifts and donations other than cash are recorded at fair market value at the date of contribution. There were no in-kind contributions received for the years ended June 30, 2020 and 2019.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$57,200 and \$43,600 for the years ended June 30, 2020 and 2019, respectively.

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

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

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.

Reclassifications

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

Comparatives 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 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.

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

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 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.

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.

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 28, 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 C.

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals For 2019)

NOTE B: LIQUIDITY AND AVAILABILITY

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

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

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

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

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 1,141,828	\$ 565,996
Grants and other receivables	199,282	193,386
Due from Charter Management Organization	401,149	34,127
Due from related party	<u>-</u>	<u>67,263</u>
Total financial assets available within one year	1,742,259	860,772
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>-</u>	<u>(195,012)</u>
Total amounts available for general expenditures within one year	<u>\$ 1,742,259</u>	<u>\$ 665,760</u>

NOTE C: SCHOOL FACILITY

The Charter School entered into a one-year lease for space as of July 1, 2018 which expired June 30, 2019 with National Center for Hebrew Language Charter School Excellence and Development, Inc. ("Hebrew Public"). The Charter School's base rent was \$88,520 per month. Rent expense totaled \$1,062,240 for the year ended June 30, 2019. This lease was amended in May 2019 to extend the lease through June 30, 2020 with monthly payments of \$115,876 beginning July 1, 2019. Rent expense totaled \$1,390,515 for the year ended June 30, 2020. This lease was amended in May 2020 to extend the lease through June 30, 2021 with monthly payments of \$125,000 beginning July 1, 2020. The future minimum payments on this agreement for the year ending June 30, 2021 are \$1,500,000.

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals For 2019)

NOTE C: SCHOOL FACILITY, Cont'd

In August 2018, the Charter School signed a lease agreement with Friends of Hebrew Public Borrower, LLC (“FOHPB”) for future space for the Charter School. The lease was due to commence when the premises were delivered to the Charter School for use, which was estimated to be July 2020. In August 2020, the construction of this new building was terminated along with the lease agreement with Friends of Hebrew Public Borrowers, LLC.

To fund the new space as of August 2018, the Charter School was named in the bond financing agreement in which FOHPB entered. The Charter School also guaranteed the final installment of the development fee in the amount of \$849,740 relative to the bonds. In August 2020, the Charter School was released from the guaranty of the final installment of the development fee and all financial covenants.

Friends of HLA 2, Inc., a related party formed to hold the lease of the facility the Charter School will occupy, entered in a lease agreement with a third party in September 2020. Lease payments will begin on the delivery date which is anticipated to be July 1, 2022. The Charter School guarantees this lease. The future minimum payments to be made by Friends of HLA 2, Inc. are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ -
2022	-
2023	1,395,777
2024	1,660,974
2025	1,936,222
Thereafter	<u>80,119,765</u>
	<u>\$ 85,112,738</u>

The Charter School is in the process of negotiating a sublease with Friends of HLA 2, Inc. for this facility.

NOTE D: OPERATING LEASE

The Charter School leases office equipment under non-cancelable lease agreements expiring at various dates through December 2022. Lease expense was approximately \$21,300 and \$16,900, for the years ended June 30, 2020 and 2019, respectively. The future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 12,791
2022	15,366
2023	<u>5,865</u>
	<u>\$ 28,157</u>

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals For 2019)

NOTE E: RETIREMENT PLAN

The Charter School has a defined contribution retirement plan which covers substantially all full-time employees. The Charter School contributed a dollar-to-dollar match up to 3% of the employees' compensation. During the years ended June 30, 2020 and 2019, the Charter School contributed \$30,446 and \$23,083, respectively, for the employer match. Administrative fees were \$1,193 and \$1,289 for the years ended June 30, 2020 and 2019, respectively.

NOTE F: 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 G: CONCENTRATIONS

At June 30, 2020 and 2019, approximately 60% and 97%, respectively, of grants and other receivables are due from New York State relating to certain grants.

For the years ended June 30, 2020 and 2019, 90% and 92%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE H: FIXED ASSETS

Property and equipment consist of the following:

	June 30,	
	<u>2020</u>	<u>2019</u>
Furniture, fixtures and equipment	\$ 347,365	\$ 266,940
Leasehold improvements	<u>1,680</u>	<u>1,680</u>
	349,045	268,620
Less accumulated depreciation and amortization	<u>153,352</u>	<u>82,246</u>
	<u>\$ 195,693</u>	<u>\$ 186,374</u>

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals For 2019)

NOTE I: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 outbreak, in April 2020, the Charter School applied for and was approved by a bank for a loan of \$484,817 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 Charter School. The loan was funded in April 2020.

Estimated annual maturities of note payable are as followed:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 215,708
2022	<u>269,109</u>
	<u>\$ 484,817</u>

NOTE J: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Undesignated	\$ 867,271	\$ 362,448
Invested in property and equipment	<u>195,693</u>	<u>186,374</u>
	<u>\$ 1,062,964</u>	<u>\$ 548,822</u>

Net assets with donor restrictions are restricted for the following purposes:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Reading and language curriculums, staff development, student and staff instructional technology, and student and board recruitment.	<u>\$ -</u>	<u>\$ 195,012</u>

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals For 2019)

NOTE K: CHARTER MANAGEMENT ORGANIZATION

On June 1, 2017, the Charter School entered into an educational services agreement with a charter management organization, Hebrew Public, to provide expertise necessary to effectively provide essential programming and services to the Charter School. The agreement continues through June 30, 2022. The percent of gross revenue used for the calculation is 10% per year through June 30, 2022.

For the years ended June 30, 2020 and 2019, the expense amounted to approximately \$467,400 and \$400,100, respectively. Amounts due to Hebrew Public relating to the management fee were \$114,435 and \$135,773 at June 30, 2020 and 2019, respectively.

In addition to the management fee, Hebrew Public paid \$13,007 and \$12,514 of other expenses on behalf of the Charter School during the years ended June 30, 2020 and 2019, respectively for which the Charter School will reimburse Hebrew Public.

Hebrew Public entered into a grant agreement with the Charter School to which it will give the Charter School \$328,000 for the year ended June 30, 2020.

Hebrew Public also will be passing through CSP grant funds to the Charter School in the amount of \$73,149.

The Charter School was owed \$34,127 from Hebrew Public for various other expenses for which Hebrew Public reimbursed the Charter School at June 30, 2019.

NOTE L: 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.

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

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
Hebrew Language Academy Charter School 2

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hebrew Language Academy Charter School 2, 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 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hebrew Language Academy Charter School 2'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 Hebrew Language Academy Charter School 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Hebrew Language Academy Charter School 2'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. 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 Hebrew Language Academy Charter School 2'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2020-001.

Hebrew Language Academy Charter School 2's Response to Finding

Hebrew Language Academy Charter School 2's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Response. Hebrew Language Academy Charter School 2's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 28, 2020

HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2020

Finding 2020-001

Statement of condition

During our audit, we noted the Charter School did not adhere to the terms of their charter agreement as the Charter School's enrollment fell below 85% of the projected enrollment for 2019-2020 academic year and written approval from NYSED was not obtained.

Criteria and effect of conditions

During our audit, we noted the Charter School's charter agreement requires the Charter School to obtain written approval from NYSED prior to commencing or continuing instruction when the total number of students enrolled is less than 85% of the projected enrollment for a given academic year. We noted the Charter School's enrollment was 78% of the projected enrollment for the 2019-2020 academic year.

Recommendation

We recommend the Charter School obtain written approval from NYSED if enrollment falls below 85% of projected enrollment for a given academic year.

Management response

The Charter School was in communication with NYSED about its enrollment; however, it will ensure to receive written approval should enrollment fall below 85% in future years.



Annual Financial Statement Audit Report

School Name:	Hebrew Language Academy Charter School 2
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 #21
School Fiscal Contact Name:	Elly Rosenthal
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Mengel Metzger Barr & Co. LLP
School Audit Contact Name:	Michelle Cain
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	Included
Management Letter Response	N/A
Federal Single Audit (A-133)	the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000
Corrective Action Plan	N/A

Hebrew Language Academy Charter School 2
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,141,828	\$ 565,996
Grants and contracts receivable	199,282	193,386
Accounts receivables	-	-
Prepaid Expenses	3,561	8,049
Contributions and other receivables	-	-
Other current assets	401,149	101,390
TOTAL CURRENT ASSETS	1,745,820	868,821
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 195,693	\$ 186,374
Restricted Cash	75,000	50,000
Security Deposits	58,722	63,203
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	329,415	299,577
TOTAL ASSETS	<u>2,075,235</u>	<u>1,168,398</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 138,355	\$ 126,335
Accrued payroll, payroll taxes and benefits	251,295	136,550
Current Portion of Loan Payable	215,708	-
Due to Related Parties	137,804	13,392
Refundable Advances	-	-
Deferred Revenue	-	5,927
Other Current Liabilities	-	142,360
TOTAL CURRENT LIABILITIES	743,162	424,564
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 269,109	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	269,109	-
TOTAL LIABILITIES	<u>1,012,271</u>	<u>424,564</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 1,062,964	\$ 548,822
Temporarily restricted	-	195,012
Permanently restricted	-	-
TOTAL NET ASSETS	<u>1,062,964</u>	<u>743,834</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2,075,235</u>	<u>1,168,398</u>

Hebrew Language Academy Charter School 2
Statement of Activities
as of June 30

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 4,225,764	\$ -	\$ 4,225,764	\$ 3,436,372
State and Local Per Pupil Revenue - SPED	439,540	-	439,540	564,930
State and Local Per Pupil Facilities Revenue	1,062,240	-	1,062,240	998,730
Federal Grants	210,038	-	210,038	283,912
State and City Grants	32,842	-	32,842	15,842
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	85,284	-	85,284	123,238
TOTAL OPERATING REVENUE	6,055,708	-	6,055,708	5,423,024
EXPENSES				
Program Services				
Regular Education	\$ 3,343,358	\$ -	\$ 3,343,358	\$ 3,118,920
Special Education	2,094,717	-	2,094,717	1,267,355
Other Programs	-	-	-	-
Total Program Services	5,438,075	-	5,438,075	4,386,275
Management and general	629,759	-	629,759	545,543
Fundraising	-	-	-	-
TOTAL EXPENSES	6,067,834	-	6,067,834	4,931,818
SURPLUS / (DEFICIT) FROM OPERATIONS	(12,126)	-	(12,126)	491,206
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ -	\$ -	\$ -	\$ -
Contributions and Grants	331,256	-	331,256	5,028
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	195,012	(195,012)	-	-
TOTAL SUPPORT AND OTHER REVENUE	526,268	(195,012)	331,256	5,028
Net Assets Released from Restrictions / Loss on Disposal of Assets			\$ -	\$ -
CHANGE IN NET ASSETS	514,142	(195,012)	319,130	496,234
NET ASSETS - BEGINNING OF YEAR	\$ 548,822	\$ 195,012	\$ 743,834	\$ 247,600
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 1,062,964	\$ -	\$ 1,062,964	\$ 743,834

Hebrew Language Academy Charter School 2
Statement of Cash Flows

as of June 30

	<u>2020</u>	<u>2019</u>
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 319,130	\$ 496,234
Revenues from School Districts		-
Accounts Receivable		-
Due from School Districts		-
Depreciation	71,106	54,564
Grants Receivable	(5,896)	140,884
Due from NYS		-
Grant revenues		-
Prepaid Expenses	4,488	8,008
Accounts Payable	(14,330)	5,465
Accrued Expenses	31,486	24,367
Accrued Liabilities	114,745	41,957
Contributions and fund-raising activities		-
Miscellaneous sources		-
Deferred Revenue		(12,275)
Interest payments		-
Due to/from related party and CMO	(328,769)	(73,973)
Deposits	4,481	(63,203)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 196,441	\$ 622,028
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	(80,425)	(105,903)
Other		
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (80,425)	\$ (105,903)
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	-	-
Other	484,817	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 484,817	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 600,833	\$ 516,125
Cash at beginning of year	615,996	99,871
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,216,829	\$ 615,996

Hebrew Language Academy Charter School 2
Statement of Functional Expenses
as of June 30

	No. of Positions	2020							2019	
		Program Services				Supporting Services			Total	Total
		Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total		
Personnel Services Costs		\$	\$	\$	\$	\$	\$	\$	\$	
Administrative Staff Personnel	9.00	372,193	182,670	-	554,863	-	238,035	238,035	792,898	693,363
Instructional Personnel	32.00	1,075,806	761,022	-	1,836,828	-	-	-	1,836,828	1,430,342
Non-Instructional Personnel	-	-	-	-	-	-	-	-	-	-
Total Salaries and Staff	41.00	1,447,999	943,692	-	2,391,691	-	238,035	238,035	2,629,726	2,123,705
Fringe Benefits & Payroll Taxes		365,901	238,465	-	604,366	-	60,150	60,150	664,516	495,928
Retirement		16,764	10,926	-	27,690	-	2,756	2,756	30,446	24,372
Management Company Fees		257,386	167,744	-	425,130	-	42,311	42,311	467,441	400,130
Legal Service		-	-	-	-	-	39,858	39,858	39,858	20,037
Accounting / Audit Services		-	-	-	-	-	94,246	94,246	94,246	84,847
Other Purchased / Professional / Consulting Services		56,685	28,577	-	85,262	-	3,959	3,959	89,221	83,972
Building and Land Rent / Lease		765,656	498,994	-	1,264,650	-	125,865	125,865	1,390,515	1,062,240
Repairs & Maintenance		16,234	10,580	-	26,814	-	2,669	2,669	29,483	6,079
Insurance		25,397	16,552	-	41,949	-	4,175	4,175	46,124	38,955
Utilities		17,960	11,705	-	29,665	-	2,953	2,953	32,618	30,343
Supplies / Materials		128,009	50,580	-	178,589	-	-	-	178,589	137,152
Equipment / Furnishings		11,725	7,641	-	19,366	-	1,927	1,927	21,293	16,866
Staff Development		66,927	28,395	-	95,322	-	1,249	1,249	96,571	97,211
Marketing / Recruitment		38,070	17,515	-	55,585	-	1,584	1,584	57,169	43,584
Technology		374	148	-	522	-	-	-	522	1,496
Food Service		68,441	27,043	-	95,484	-	-	-	95,484	146,165
Student Services		11,039	4,362	-	15,401	-	-	-	15,401	42,820
Office Expense		6,609	4,308	-	10,917	-	1,087	1,087	12,004	20,288
Depreciation		39,153	25,517	-	64,670	-	6,436	6,436	71,106	54,564
OTHER		3,029	1,973	-	5,002	-	499	499	5,501	1,064
Total Expenses		\$ 3,343,358	\$ 2,094,717	\$ -	\$ 5,438,075	\$ -	\$ 629,759	\$ 629,759	\$ 6,067,834	\$ 4,931,818

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.

Hebrew Language Academy 2 Charter School

PROJECTED BUDGET FOR 2020-2021

July 1, 2020 to June 30, 2021

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	6,306,741	875,503	-	-	-	7,182,244
Total Expenses	4,453,262	1,953,524	-	-	668,904	7,075,689
Net Income	1,853,479	(1,078,021)	-	-	(668,904)	106,555
Actual Student Enrollment	302	60	-	-	-	-
Total Paid Student Enrollment	-	-	-	-	-	-

Assumptions

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

		PROGRAM SERVICES			SUPPORT SERVICES			TOTAL	
		REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL			
Aides	-	-	-	-	-	-	-	-	
Therapists & Counselors	1.00	50,178.94	12,441.06	-	-	-	62,620	62,620	SW
Other - Instructional Costs	-	109,781	27,219	-	-	-	137,000	137,000	Stipends & PTO Buyouts; severance
TOTAL INSTRUCTIONAL	34	1,545,428	734,261	-	-	-	2,279,689	2,279,689	
NON-INSTRUCTIONAL PERSONNEL COSTS									
Nurse	-	-	-	-	-	-	-	-	
Librarian	-	-	-	-	-	-	-	-	
Custodian	-	-	-	-	-	-	-	-	
Security	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	
TOTAL NON-INSTRUCTIONAL	-	-	-	-	-	-	-	-	
SUBTOTAL PERSONNEL SERVICE COSTS	45	1,974,429	904,190	-	-	314,339	3,192,958	3,192,958	
PAYROLL TAXES AND BENEFITS									
Payroll Taxes	-	169,595	77,666	-	-	27,000	274,261	274,261	
Fringe / Employee Benefits	-	337,269	154,452	-	-	53,695	545,416	545,416	
Retirement / Pension	-	24,735	11,327	-	-	3,938	40,000	40,000	
TOTAL PAYROLL TAXES AND BENEFITS	-	531,599	243,446	-	-	84,633	859,678	859,678	
TOTAL PERSONNEL SERVICE COSTS		2,506,027	1,147,636	-	-	398,973	4,052,636	4,052,636	
CONTRACTED SERVICES									
Accounting / Audit	-	48,357	22,145	-	-	7,699	78,200	78,200	CSBM/ MMB
Legal	-	12,367	5,664	-	-	1,969	20,000	20,000	
Management Company Fee	-	331,077	151,617	-	-	52,709	535,403	535,403	10% of GenEd+SpEd
Nurse Services	-	-	-	-	-	-	-	-	
Food Service / School Lunch	-	126,241	31,299	-	-	-	157,540	157,540	
Payroll Services	-	5,565	2,549	-	-	886	9,000	9,000	
Special Ed Services	-	-	-	-	-	-	-	-	
Titlement Services (i.e. Title I)	-	2,404	596	-	-	-	3,000	3,000	
Other Purchased / Professional / Consulting	-	51,372	17,282	-	-	3,446	72,100	72,100	Tech; Child Nutrition; Website; Substitutes; Translation; Erate
TOTAL CONTRACTED SERVICES	-	577,383	231,151	-	-	66,708	875,243	875,243	
SCHOOL OPERATIONS									
Board Expenses	-	-	-	-	-	-	-	-	
Classroom / Teaching Supplies & Materials	-	48,079	11,921	-	-	-	60,000	60,000	
Special Ed Supplies & Materials	-	-	-	-	-	-	-	-	
Textbooks / Workbooks	-	74,818	18,550	-	-	-	93,368	93,368	Curriculum + FAMIS
Supplies & Materials other	-	41,360	10,255	-	-	-	51,615	51,615	Library books, OLAM, copy paper
Equipment / Furniture	-	14,841	6,796	-	-	2,363	24,000	24,000	Copiers
Telephone	-	21,025	9,628	-	-	3,347	34,000	34,000	Telephone, Internet; Mobile
Technology	-	2,404	596	-	-	-	3,000	3,000	non FFE
Student Testing & Assessment	-	2,003	497	-	-	-	2,500	2,500	
Field Trips	-	6,010	1,490	-	-	-	7,500	7,500	
Transportation (student)	-	28,046	6,954	-	-	-	35,000	35,000	
Student Services - other	-	15,626	3,874	-	-	-	19,500	19,500	Parent Org; Student Events; HIS; Afterschool Programs
Office Expense	-	51,828	23,735	-	-	8,251	83,814	83,814	supplies; postage; subscriptions; COVID PPE
Staff Development	-	30,730	14,073	-	-	4,892	49,695	49,695	PD; Appreciation
Staff Recruitment	-	3,138	1,437	-	-	500	5,075	5,075	
Student Recruitment / Marketing	-	32,053	7,947	-	-	-	40,000	40,000	
School Meals / Lunch	-	-	-	-	-	-	-	-	
Travel (Staff)	-	1,855	850	-	-	295	3,000	3,000	
Fundraising	-	-	-	-	-	-	-	-	
Other	-	1,237	566	-	-	197	2,000	2,000	Bank fees
TOTAL SCHOOL OPERATIONS	-	375,053	119,168	-	-	19,845	514,067	514,067	



77 HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2
HEBREW LANGUAGE ACADEMY 2 ESCROW
1870 STILLWELL AVE
BROOKLYN NY 99999

Contacting Us

Available by phone 24/7

Phone 1-800-266-7277

Online bbvausa.com

Write BBVA
Customer Service
P.O. Box 10566
Birmingham, AL 35296

Summary of Accounts

Deposit Accounts/ Other Products

Account	Account number	Ending balance last statement	Ending balance this statement
TREASURY MANAGEMENT ANALYSIS CHECKING	[REDACTED]	\$75,000.00	\$75,000.00
Total Deposit Accounts		\$75,000.00	\$75,000.00



TREASURY MANAGEMENT ANALYSIS CHECKING

Account Number: 6756053750 - HEBREW LANGUAGE ACADEMY CHARTER SCHOOL 2

Activity Summary

Beginning Balance on 6/1/20	\$75,000.00
Deposits/Credits (0)	+ \$0.00
Withdrawals/Debits (0)	- \$0.00
Ending Balance on 6/30/20	\$75,000.00

Deposits and Other Credits

Date *	Check/ Serial #	Description	Deposits/ Credits
There are no transactions to report for this period			

Withdrawals and Other Debits

Date *	Check/ Serial #	Description	Withdrawals/ Debits
There are no transactions to report for this period			



How to Balance Your Account

- Step 1** • Enter all checks, deposits, and other automated teller card (ATM) transactions in your register.
 - Record all automated deductions, debit card transactions and electronic bill payments.
 - Record and deduct service charges, check printing charges, or other bank fees.
 - If you have an interest bearing account, add any interest earned shown on this statement.
- Step 2** • If applicable, sort checks in numerical order and mark in your register each check or other transaction that is listed on this statement.
- Step 3** • List any deposits or credits your have made that do not appear on this statement (see space provided below).
- Step 4** • List any checks you have written, debit card transactions, electronic payments and other deductions that do not appear on this statement (see space provided below).

Date/Description	Amount
Step 3 Total	\$

Date/Description	Check #	Amount
Step 4 Total		\$

Balancing Your Register to this Statement

Step 5 •Enter the "current balance" shown on this statement	
•Add total from Step 3	
•Subtotal	
•Subtract total from Step 4	
•This balance should equal your register balance	
If it does not agree, see steps below	\$

- If your account does not balance, review the following:
- Check all your addition and subtraction above in your register.
 - Make sure you remembered to subtract service charges listed on this statement and add any interest earned to your register.
 - Amounts of deposits and withdrawals on this statement should match your register entries.
 - If you have questions or need assistance, please refer to the phone number on the front of this statement.

Change of Address

Please call us at the telephone number listed on the front of this statement to tell us about a change of address.

Electronic Transfers (for consumer accounts only)

In case of errors or questions about your Electronic Transfers, write to BBVA, Operations Compliance Support, P.O. Box 10566, Birmingham, AL 35296. Or simply call your local customer service number printed on the front of this statement. Call or write as soon as you can, 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 the first statement on which the error or problem appeared.

- Tell us your name and account number (if any).
- 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.
- Tell us the dollar amount of the suspected error.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (20 on claims on accounts opened less than 30 calendar 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.

*For Non-Consumer Account customers, please refer to your current Non-Consumer Account Agreement for details regarding Electronic Fund Transfers.

Overdraft Protection

Calculation of Interest Charge and Balance Subject to Interest Rate. The interest charge is computed using your annual percentage rate divided by 365 or, in the case of a leap year, 366, which gives you the "Applicable Rate." Although we calculate the interest charge by applying the Applicable Rate to each daily balance, the interest charge can also be calculated by multiplying the Applicable Rate by the "average daily balance"(Balance Subject to Interest Rate) shown on this statement, then multiplying that sum by the number of days in the billing cycle. To get the "Balance Subject to Interest Rate" shown on this statement we take the beginning balance of your account less any unpaid finance charges each day, add any new advances or debits, and subtract any payments or credits. This gives us the daily balance. Then we add all the daily balances for the billing cycle and divide by the number of days in the billing cycle. This gives us the "average daily balance" shown on the statement as "Balance Subject to Interest Rate". Payments to your overdraft protection loan account made through our tellers or deposited at our automated teller machines (ATM s) Monday through Friday before the posted cut-off time will be posted to your account on the date they are accepted. Otherwise, they will be posted on the next business day. Payments made through our ATM s via a funds transfer will be posted on the date they are received or on the next business day if made after 6pm CT (6pm MT for Arizona accounts and 6pm PT for California accounts) Monday through Friday or anytime Saturday, Sunday or bank holidays. BBVA business days are Monday through Friday, excluding holidays.

In Case of Errors or Questions About Your Statement (Overdraft Protection Only)

If you think your statement is wrong, or if you need more information about a transaction on your statement, write your issue on a separate document and send it to Bankcard Center, P.O. Box 2210, Decatur, AL 35699-0001. Telephone inquires may be made by calling your local BBVA branch listed on the front of this statement to speak with a Customer Service Representative. Please note: a telephone inquiry will not preserve your rights under federal law. 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.

- Tell us your name and account number (if any).
- 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 what you need more information.
- Tell us the dollar amount of the suspected error.

You can stop the automatic deduction of the Minimum Payment from you checking account if you think your statement is wrong. To stop the payment, your letter must reach us three (3) business days before the automatic deduction is scheduled to occur.

Reporting Other Problems

Please review your statement carefully. It is essential that any account errors or any improper transactions on your account be reported to us as soon as reasonably possible. If you fail to notify us of any suspected problems, errors or unauthorized transactions within the time periods specified in the deposit account agreement, we are not liable to you for any loss related to the problem, error or unauthorized transaction.

BBVA and BBVA Compass are trade names of BBVA USA, a member of the BBVA Group. BBVA USA, Member FDIC.



Notice of Amendment to the BBVA USA Non-Consumer Deposit Account Agreement

The BBVA USA Non-Consumer Deposit Account Agreement (the "Agreement") that governs your non-consumer deposit account is amended effective June 22, 2020. By continuing to maintain your account, conducting a transaction or obtaining services or products relating to the Agreement or your account after the effective date of the amendment, you agree to the amendment of the Agreement.

You may receive a copy of the entire amended agreement at any BBVA USA branch or by logging in to Online Banking and clicking on the Services tab.

Amendments to the Agreement include:

Section 3, Account Operations, is amended as follows:

1. The first paragraph of Telephone Calls: Calling, Monitoring and Recording states:

"By providing us with your home telephone number or cellular telephone number, you authorize us, and our affiliates to contact you using live telephone calls, any Automatic Telephone Dialing System, Prerecorded Voice, Voicemail, or Messaging Service, or text messages. In addition, you agree that we may also contact you at any telephone number that we obtain for you in the future using any Automatic Telephone Dialing System, Prerecorded Voice, Voicemail, or Messaging Service. As examples, we may contact you about fraud alerts, deposit holds, amounts you owe us (collection calls) on your accounts, and to facilitate account transactions. This express consent applies to each telephone number that you provide to us now or in the future. You agree to notify us promptly if any of your contact information changes. Calls and messages may incur charges from your communications provider."

2. A new sentence is added to the Wire Transfers section, that states:

"If you request that a wire transfer be recalled after we initiate the transfer, we cannot guarantee that we will be able to recover the funds."

3. A new paragraph is added after the section entitled, Account Balances; Errors; Unauthorized Transactions and Forgeries; Limitation of Liability. The effective date of this new paragraph is August 1, 2020:

"Fraud Prevention. You acknowledge that there is a growing risk of losses resulting from unauthorized items. We offer products and services that provide effective means for controlling the risk from such unauthorized items. In addition, we may recommend that you use certain fraud prevention practices with respect to your deposit accounts to reduce your exposure to fraud. If your account is eligible to receive these types of products and services, and you fail to implement any of these products or services (including any product or service that we offer after the date of this Agreement), or if you fail to follow our recommended fraud prevention practices, you agree that you will be precluded from asserting any claims against us for paying any unauthorized, altered, counterfeit or other fraudulent item that such product, service or practice was designed to detect or deter, and we will not be required to re-credit your account or otherwise have any liability for paying such items."

Section 6, Other Provisions, is amended so the paragraph entitled Check Signature Verification states:

"We may process certain checks mechanically, based on the information encoded on the items. Although we may review checks or signatures from time to time, you understand that reasonable commercial standards do not require us to review checks or require us to compare the signature on any item to a signature in our records."

Funds Availability Disclosure, is amended as follows:

1. A few wording changes are made and headings are changed to enhance clarity.
2. The cut off time for leaving a deposit in one of our night depository facilities is changed from 7:00 a.m. to 8:00 a.m.
3. Prior to the amendment, the Funds Availability Disclosure referred to making \$200 or \$5,000 available to you even if we are placing certain types of holds on your deposit. Those amounts are changed from \$200 to \$225 and from \$5,000 to \$5,525 each time they occur.
4. The following new information is added:

"Government Checks, Cashier's Checks, and Other Types of Special Checks.

Unless we notify you of a delay, our policy is to make funds from these checks available as follows. Our policy is to make funds from U.S. Treasury checks that are payable to you available on the same business day as the day of deposit. If you make a deposit in person to one of our employees into an account held by you, our policy is to make funds from the following types of deposits available on the same business day as the day of deposit:



- State and local government checks that are payable to you and are deposited in an account in the same jurisdiction that issued the check;
- Cashiers, certified, and teller s checks that are payable to you; and
- Federal Reserve Checks, Federal Home Loan Checks, and U.S. Postal Money Orders that are payable to you.”

5. The following two sentences are added to the Mobile Deposit disclosure:

“The specific funds availability requirements provided above for cash, electronic payments and checks do not apply to Mobile Deposits.”

“Please refer to the Mobile Banking Agreement for additional information regarding mobile deposit limits and availability provisions.”