

**SOUTH BRONX COMMUNITY**  
**CHARTER HIGH SCHOOL**

**ADVISORY COMMENT LETTER**

**JUNE 30, 2020**

October 26, 2020

Board of Trustees  
South Bronx Community Charter High School

In planning and performing our audit of the financial statements of South Bronx Community Charter High School (the "Charter School") as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter 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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

**Status of matters included in our letter as of June 30, 2019, dated October 31, 2019**

**Improper Reporting of Special Education**

During our 2019 audit we noted the Charter School had a significant fluctuation in special education FTEs from mid-year to year end. Upon further review, management noted certain students had changed SPED allocation levels for the full year instead of at the date of the change in service level. This could result in a significant understatement or overstatement of amounts earned by the Charter School.

**Recommendation**

We recommend management review the updates to the ATS portal for students receiving special education services to ensure necessary changes were properly recorded, or follow up with NYCDOE for assistance if needed.

**Management's response**

The Charter School will be assigning specific personnel who will be responsible for monitoring and updating on a regular basis the per pupil information reported on the NYC Vendor Portal for which it claims its enrollment to receive funding for both general education and special education student tuition. Previously, this was the responsibility of the Business Manager, who did not monitor this regularly. Moving forward, specific business office tasks, such as this, will be delegated to specific personnel and monitored by management.

**Status at June 30, 2020**

Based on our testing performed during the 2020 audit, we noted no issues with the reporting of special education FTEs.

**Grant Submissions**

During our 2019 audit we noted the Charter School did not file their final Title I and Title II grant forms to receive payment for the prior year grant funds earned. These submissions were due in September 2018. In June 2019, the New York State Education Department ("NYSED") contacted the Charter School regarding the submissions, however the Charter School did not finally submit the required documents until late September 2019. In addition, we noted during the audit the Charter School did not apply for the Title I and Title II grants for the fiscal 2019 year until late September 2019 despite budgets being due at the beginning of the grant year, which was September 2018.

**Recommendation**

We recommend the Charter School properly submit all required grant reports and budgets in a timely manner. Management should also review outstanding receivables on a regular basis and follow up on any overdue items.

**Management's response**

Since the sudden departure of the Business Manager, the Charter School has increased the services being rendered from its outside fiscal consultant in order to put into place new policies and procedures which will monitor and track important deadlines for its business office filings. Through extensive communication with the Charter School's NYSED contact, we have been assured now that we have filed the Title I and Title II grants for previous years and are up-to-date, we should have no issue receiving the funds. In addition, the 2019 Title grants were submitted initially in June 2019, and there was ongoing communication between the Executive Director and our direct contact at the ESSA program office regarding the submission and adjustments that needed to be made. There were some unfortunate communication gaps beyond the control of the Executive Director which resulted in the perception that South Bronx Community Charter School had lapsed in the submission of the necessary documentation. Going forward the Charter School will continue to monitor its grant funding on a regular basis in order to ensure timely filing and collections.

**Status at June 30, 2020**

During the 2020 audit, we noted the Charter School was able to collect amounts outstanding from the fiscal 2018 grants. During fiscal 2020, NYSED notified the Charter School they would not be receiving funds from the fiscal 2019 grants due to the late filing of the required information. Management subsequently worked with NYSED to obtain approval to roll over the remaining funds from the fiscal 2019 grants to utilize these funds during fiscal 2020. During fiscal 2020, initial grant budgets, typically due by August 31, 2019, were filed in December 2019 as the Title I allocation for fiscal 2020 was awarded late by NYSED. Subsequent budget amendments were filed by the July 31, 2020 deadline.

\* \* \* \* \*

This communication is intended solely for the information and use of management, Finance Committee members, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Bronx Community Charter High School's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

We appreciate the cooperation from your staff that our personnel received during the audit of the Charter School's financial statements. Should you have any questions or comments, please contact Jackie Lee or Kurt Button.

Very truly yours,

*Mengel, Metzger, Barr & Co. LLP*

MENGEL, METZGER, BARR & CO. LLP

**SOUTH BRONX COMMUNITY**  
**CHARTER HIGH SCHOOL**

**BRONX, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**REPORT REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2020**  
**(With Comparative totals for 2019)**

## CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
 <u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
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>	19
Schedule of Findings and Responses	21
Summary Schedule of Prior Audit Findings	22

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
South Bronx Community Charter High School

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

We have audited the accompanying financial statements of South Bronx Community Charter High School, 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 South Bronx Community Charter High School 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 South Bronx Community Charter High School's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 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 26, 2020 on our consideration of South Bronx Community Charter High 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Bronx Community Charter High School's internal control over financial reporting and compliance.

**Emphasis of Matters**

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

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
October 26, 2020



SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

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	\$ 636,836	\$ 656,975
Grants and other receivables	409,177	355,617
Prepaid expenses and other current assets	<u>12,433</u>	<u>4,550</u>
TOTAL CURRENT ASSETS	1,058,446	1,017,142
<u>PROPERTY AND EQUIPMENT</u> , net	245,025	240,032
<u>OTHER ASSETS</u>		
Security deposits	405,400	400,400
Prepaid rent	95,000	-
Cash in escrow	<u>68,937</u>	<u>77,476</u>
	<u>569,337</u>	<u>477,876</u>
TOTAL ASSETS	<u>\$ 1,872,808</u>	<u>\$ 1,735,050</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 105,858	\$ 189,250
Accrued payroll and benefits	372,990	147,864
Due to New York City Department of Education	<u>11,305</u>	<u>253,871</u>
TOTAL CURRENT LIABILITIES	490,153	590,985
<u>NET ASSETS</u>		
Without donor restrictions	<u>1,382,655</u>	<u>1,144,065</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,872,808</u>	<u>\$ 1,735,050</u>

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

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

		<u>Without donor restrictions</u>	
		<u>Year ended June 30,</u>	
		<u>2020</u>	<u>2019</u>
Revenue, gains, and other support:			
Public school district			
Resident student enrollment		\$ 5,167,181	\$ 4,491,591
Students with disabilities		508,590	418,271
Government grants		446,023	223,377
Private grants		78,746	64,870
In-kind rent		300,000	300,000
Other income		<u>67,202</u>	<u>8,629</u>
	TOTAL OPERATING		
	REVENUE AND SUPPORT	6,567,742	5,506,738
Expenses:			
Program:			
Regular education		4,487,271	3,701,147
Special education		1,123,349	1,003,592
Management and general		680,795	668,841
Fundraising		<u>37,737</u>	<u>-</u>
	TOTAL EXPENSES	<u>6,329,152</u>	<u>5,373,580</u>
	CHANGE IN NET ASSETS	238,590	133,158
Net assets at beginning of year		<u>1,144,065</u>	<u>1,010,907</u>
	NET ASSETS AT END OF YEAR	<u>\$ 1,382,655</u>	<u>\$ 1,144,065</u>

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

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

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

	No. of Positions	Program Services			Supporting Services		Total	
		Regular Education	Special Education	Sub-total	Management and General	Fundraising	Year ended June 30,	
							2020	2019
Personnel Services Costs:								
Administrative staff personnel	9	\$ 389,333	\$ 101,434	\$ 490,767	\$ 310,238	\$ 29,173	\$ 830,178	\$ 810,898
Instructional personnel	<u>52</u>	<u>2,271,220</u>	<u>591,727</u>	<u>2,862,947</u>	<u>-</u>	<u>-</u>	<u>2,862,947</u>	<u>2,293,086</u>
Total salaries and wages	61	2,660,553	693,161	3,353,714	310,238	29,173	3,693,125	3,103,984
 Fringe benefits and payroll taxes		754,924	196,682	951,606	88,029	8,278	1,047,913	903,218
Retirement		26,106	6,802	32,908	3,044	286	36,238	38,708
Legal service		-	-	-	15,173	-	15,173	21,313
Accounting / audit services		-	-	-	186,800	-	186,800	144,721
Other purchased / professional / consulting services		33,690	8,777	42,467	3,929	-	46,396	74,917
Building and land rent / lease		217,843	56,755	274,598	25,402	-	300,000	356,363
Repairs and maintenance		12,543	3,268	15,811	1,462	-	17,273	36,303
Insurance		35,522	9,255	44,777	4,142	-	48,919	34,101
Supplies / materials		65,749	17,130	82,879	7,667	-	90,546	68,705
Equipment / furnishings		14,208	3,702	17,910	1,656	-	19,566	14,453
Staff development		25,411	6,621	32,032	2,963	-	34,995	43,056
Marketing / recruitment		26,117	6,804	32,921	3,046	-	35,967	23,237
Technology		79,008	20,584	99,592	9,213	-	108,805	33,789
Student services		205,435	53,522	258,957	-	-	258,957	273,626
Office expense		18,455	4,808	23,263	2,152	-	25,415	13,105
Depreciation		68,066	17,734	85,800	7,937	-	93,737	96,370
Bad debts		175,533	-	175,533	-	-	175,533	-
Other		68,108	17,744	85,852	7,942	-	93,794	93,611
		<u>\$ 4,487,271</u>	<u>\$ 1,123,349</u>	<u>\$ 5,610,620</u>	<u>\$ 680,795</u>	<u>\$ 37,737</u>	<u>\$ 6,329,152</u>	<u>\$ 5,373,580</u>

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

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

STATEMENT OF CASH FLOWS

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

	Year ended June 30,	
	2020	2019
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 238,590	\$ 133,158
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	93,737	96,370
Bad debts	175,533	-
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(229,093)	(224,689)
Prepaid expenses and other current assets	(7,883)	35,455
Prepaid rent	(95,000)	-
Accounts payable and accrued expenses	(83,392)	99,073
Accrued payroll and benefits	225,126	53,201
Due to New York City Department of Education	(242,566)	253,871
NET CASH PROVIDED FROM OPERATING ACTIVITIES	75,052	446,439
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(98,730)	(92,872)
Security deposits	(5,000)	110,696
NET CASH (USED FOR) PROVIDED FROM INVESTING ACTIVITIES	(103,730)	17,824
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(28,678)	464,263
Cash and restricted cash at beginning of year	734,451	270,188
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 705,773	\$ 734,451
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 636,836	\$ 656,975
Cash in escrow	68,937	77,476
Total cash and restricted cash shown in the statement of cash flows	\$ 705,773	\$ 734,451

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

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

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

South Bronx Community Charter High School (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School promotes student excellence through an emphasis on academic, personal and professional skills in a supportive and responsive learning environment. The Charter School’s students graduate with a positive sense of self, ready to design and realize their futures in college, community, and career. On November 17, 2015 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon its expiration on June 30, 2021.

Basis of accounting

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

Classification of net assets

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

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

*Net Assets Without Donor Restrictions*

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

*Net Assets With Donor Restrictions*

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2020 or 2019.

Revenue and support 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.

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

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

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

State and local per pupil 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 Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

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

	June 30,		
	2020	2019	2018
Grants and other receivables	\$ 65,006	\$ 130,548	\$ 84,220

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 are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. A contribution that is received and expended in the same year for a specific purpose is classified as revenue without donor restriction. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, 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.

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

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

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, respectively.

Cash

Cash balances are maintained at a financial institution located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first three years of operations and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. The amount in escrow was \$68,937 and \$77,476 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.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to seven years.

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 that were provided for the students by the local district. The Charter School was unable to determine a value for these services.

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

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  
Cont'd

In-kind contributions

Gifts and donations other than cash are recorded at fair market value at the date of contribution. As described in Note D, the Charter School is provided space in a New York City Department of Education facility. The Charter School has estimated a value of \$300,000 for the space for each of the years ended June 30, 2020 and 2019. The Charter School has recorded in-kind revenue of \$300,000 with offsetting expense of the same amount included in building and land rent/lease on the accompanying statement of functional expenses.

Expense allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based upon management estimates. The most significant expense allocations used in the preparation of these financial statements are as follows:

Salaries	Level of effort
Payroll taxes and fringes	Based upon salaries
Occupancy related costs	Square footage used

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 the year ended 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 has not recognized any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$36,000 and \$23,000 for the years ended June 30, 2020 and 2019, respectively.

Due to New York City Department of Education ("NYCDOE")

Amounts due to NYCDOE include overpayments of per-pupil revenue and rental assistance which are payable to NYCDOE.

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.



SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

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

Comparatives for year 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 a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Charter School adopted ASC 606 with the 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 income on an ongoing basis.

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

Contributions received, and contributions made

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

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year balance 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 15, 2019. The Charter School adopted this standard as of July 1, 2019 using the retrospective transition method.

New accounting pronouncements - 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.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 26, 2020, which is the date the financial statements are available to be issued. Except as described in Note C and Note I, no subsequent events requiring disclosure were noted.

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 education 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 and shows positive cash generated by operations for fiscal year 2020 and 2019.

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE B: LIQUIDITY AND AVAILABILITY, Cont'd

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:

	June 30,	
	2020	2019
Cash	\$ 636,836	\$ 656,975
Grants and other receivables	409,177	355,617
Total financial assets available to management for general expenditures within one year	<u>\$ 1,046,013</u>	<u>\$ 1,012,592</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2020	2019
Furniture and fixtures	\$ 129,816	\$ 129,816
Computers	272,461	256,713
Software	2,560	2,560
Construction in progress	124,679	41,697
	529,516	430,786
Less accumulated depreciation and amortization	284,491	190,754
	<u>\$ 245,025</u>	<u>\$ 240,032</u>

Total depreciation and amortization expense was \$93,737 and \$96,370 for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019 construction in progress of \$124,679 and \$41,697, respectively, relate to costs incurred for a new facility that is not yet in service as of June 30, 2020. No provision is made for depreciation until such time as the relevant assets are put into use. During September 2020, the Charter School entered into a contract for technology infrastructure for their new facility totaling approximately \$365,000.

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE D: SCHOOL FACILITY

The Charter School moved into a New York City Department of Education building in July 2018 under a verbal agreement. Pursuant to the terms of the agreement, the Charter School shall not pay for the use of the shared facility. The NYCDOE space is not large enough to accommodate the future anticipated growth of the Charter School, therefore, the Charter School signed a lease for a new facility commencing tentatively on July 1, 2021, with the term continuing through June 2041. The lease required a deposit of \$500,000, of which \$405,000 is to be held as a security deposit and \$95,000 to be held as prepaid rent. As of June 30, 2020 the entire amount has been paid to the landlord. At June 30, 2019, the Charter School had paid \$400,000 toward the security deposit and was withholding the final \$100,000 until the developer had secured construction financing. Future lease payments are expected to be approximately \$144,000 per month at the beginning of the lease and increasing to \$295,000 per month over the 20 year lease term. As the new facility will not be ready for the 2020-21 school year, the Charter School signed an additional short-term lease for temporary space commencing July 15, 2020 through June 30, 2021. Rental payments for the temporary space are \$45,000 per month through June 30, 2020.

NOTE E: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources or others. 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 F: CONCENTRATIONS

At June 30, 2020 and 2019, approximately 96% and 99%, respectively, of grants and other receivables are due from a New York State agency related to certain grants.

For the years ended June 30, 2020 and 2019, approximately 86% and 89%, 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 G: RETIREMENT PLAN

During August 2017, the Charter School began sponsoring a 403(b) retirement plan (the "Plan") for its employees. The Plan allows the Charter School to make discretionary contributions to the Plan on behalf of its employees. During the years ended June 30, 2020 and 2019, the Charter School contributed approximately \$36,200 and \$38,700, respectively, to the Plan.

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE H: RENEWAL PROCESS

The Charter School is currently in the process of renewing its charter as granted by the New York State Board of Regents. The charter currently expires June 30, 2021. The renewal process includes review by New York State Department of Education (NYSED) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. Upon review of the renewal application and results, NYSED will determine if the charter should be renewed and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Charter School expects the charter to be renewed.

NOTE I: 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 coronavirus (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.

**SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL**

**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  
South Bronx Community Charter High 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 South Bronx Community Charter High School, 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 26, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered South Bronx Community Charter High 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 South Bronx Community Charter High School's internal control. Accordingly, we do not express an opinion on the effectiveness of South Bronx Community Charter High 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 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether South Bronx Community Charter High School'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 an instance of noncompliance or other matter 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.

### **South Bronx Community Charter High School's Response to Finding**

South Bronx Community Charter High School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. South Bronx Community Charter High 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.

### **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, Barw & Co. LLP*

Rochester, New York  
October 26, 2020



SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

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 which requires maintaining a balance of \$75,000 in the Charter School's escrow account. Based on discussions with management, a disbursement was inadvertently made from the escrow account rather than the operating account during August 2019. During July 2020, the escrow account balance was replenished to reach the required \$75,000 minimum balance.

*Criteria and effect of conditions*

Section 8.5 of the charter agreement requires the Charter School to maintain a balance of no less than \$75,000 in the escrow account to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. We noted the Charter School had a balance of \$68,937 at June 30, 2020.

*Recommendation*

We recommend the Charter School monitor the escrow account on a regular basis to make sure the required balance is maintained, or quickly replenished, if funds are used erroneously during the year.

*Management response*

As outlined above, the Charter School properly replenished the escrow account during July 2020 to the required \$75,000 level. The Executive Director now receives a monthly cash report so that he can monitor the account balance to ensure the Charter School remains in compliance with SED regulations.

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2020

**Finding 2019-001**

*Statement of condition*

During our audit we noted the Charter School did not properly submit their final grant expenditure reports for the Title I and Title II grants on time for the prior grant year to receive final payments. In addition, the Charter School did not submit their grant expenditure budget reports for the Title I and Title II grants in a timely manner for the current year's grant.

*Criteria and effect of conditions*

During our audit we noted the Charter School did not file their final Title I and Title II grant forms to receive payment for the prior year grant funds earned. These submissions were due in September 2018. In June 2019, the New York State Education Department ("NYSED") contacted the Charter School regarding the submissions, however the Charter School did not finally submit the required documents until late September 2019. In addition, we noted during the audit the Charter School did not apply for the Title I and Title II grants for the fiscal 2019 year until late September 2019 despite budgets being due at the beginning of the grant year, which was September 2018.

*Recommendation*

We recommend the Charter School properly submit all required grant budgets and reports in a timely manner. Management should also review outstanding receivables on a regular basis and follow up on any overdue items.

*Management response*

Since the sudden departure of the Business Manager, the Charter School has increased the services being rendered from its outside fiscal consultant in order to put into place new policies and procedures which will monitor and track important deadlines for its business office filings. Through extensive communication with the Charter School's NYSED contact, we have been assured now that we have filed the Title I and Title II grants for previous years and are up-to-date, we should have no issue receiving the funds. In addition, the 2019 Title grants were submitted initially in June 2019, and there was ongoing communication between the Executive Director and our direct contact at the ESSA program office regarding the submission and adjustments that needed to be made. There were some unfortunate communication gaps beyond the control of the Executive Director which resulted in the perception that South Bronx Community Charter School had lapsed in the submission of the necessary documentation. Going forward the Charter School will continue to monitor its grant funding on a regular basis in order to ensure timely filing and collections.

*Status of Prior Finding*

Due to the late remittance of budgets for fiscal 2019, as noted above, the Charter School was ultimately unable to receive reimbursement for costs incurred during fiscal 2019. However, NYSED provided a one-time waiver to allow the Charter School to roll over 100% of the 2018-19 Title I allocation to 2019-20. In addition, Title II was also rolled over to 2020. These amounts were then able to be utilized by the Charter School during fiscal 2020. Due to the issues identified in the prior year finding, the Charter School initially was not awarded 2019-20 Title I funding during the standard NYSED allocation timeline. When the issues with the 2018-19 grant were resolved, and funding awarded for 2019-20, the Charter School filed the required grant budgets for the 2019-20 grant year, however this was later than the statutory deadline due to the late allocation by NYSED. These reports were ultimately approved by NYSED during 2020, along with applicable amendments, which were filed by the normal due date. The Charter School also reviewed outstanding receivables on a regular basis. There were no overdue amounts at June 30, 2020.

SOUTH BRONX COMMUNITY CHARTER HIGH SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, Cont'd  
YEAR ENDED JUNE 30, 2020

**Finding 2019-002**

*Statement of condition*

During our audit we noted the Charter School did not properly enter and reconcile their special education ("SPED") full-time equivalents ("FTEs") in the ATS portal.

*Criteria and effect of conditions*

During our audit we noted the Charter School had a significant fluctuation in special education FTEs from mid-year to year end. Upon further review, management noted certain students had changed SPED allocation levels for the full year instead of at the date of the change in service level. This could result in a significant understatement or overstatement of amounts earned by the Charter School.

*Recommendation*

We recommend management review the updates to the ATS portal for students receiving special education services to ensure necessary changes were properly recorded, or follow up with NYCDOE for assistance if needed.

*Management response*

The Charter School will be assigning specific personnel who will be responsible for monitoring and updating on a regular basis the per pupil information reported on the NYC Vendor Portal for which it claims its enrollment to receive funding for both general education and special education student tuition. Previously, this was the responsibility of the Business Manager, who did not monitor this regularly. Moving forward, specific business office tasks, such as this, will be delegated to specific personnel and monitored by management.

*Status of Prior Finding*

During fiscal 2020, the Charter School properly entered and reconciled special education FTEs in the ATS portal and reviewed updates to ensure necessary changes were properly recorded.



**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 #7
School Fiscal Contact Name:	John Clemente
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	South Bronx Community Charter High School
School Audit Contact Name:	John Clemente
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	On extension as of 11/2/2020
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

















































































































**FILL IN GRAY CELLS**  
**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	\$ 636,836	\$ 656,975
Grants and contracts receivable	409,177	355,617
Accounts receivables	-	-
Prepaid Expenses	12,433	4,550
Contributions and other receivables	-	-
Other current assets	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>1,058,446</u>	<u>1,017,142</u>
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Building and Equipment, net	\$ 245,025	\$ 240,032
Restricted Cash	-	-
Security Deposits	405,400	400,400
Other Non-Current Assets	<u>163,937</u>	<u>77,476</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>814,362</u>	<u>717,908</u>
<b>TOTAL ASSETS</b>	<u><u>1,872,808</u></u>	<u><u>1,735,050</u></u>
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 105,858	\$ 189,250
Accrued payroll, payroll taxes and benefits	372,990	147,864
Current Portion of Loan Payable	-	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	-
Other Current Liabilities	<u>11,305</u>	<u>253,871</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>490,153</u>	<u>590,985</u>
<b><u>LONG-TERM LIABILITIES</u></b>		
Loan Payable; Due in More than One Year	\$ -	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	<u>-</u>	<u>-</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>490,153</u>	<u>590,985</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	\$ 1,382,655	\$ 1,144,065
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>1,382,655</u>	<u>1,144,065</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>1,872,808</u></u>	<u><u>1,735,050</u></u>

CK - Should be zero

-

-



















































































































CHARTER SCHOOL NAME

Statement of Activities  
as of June 30

	2020		
	Unrestricted	Temporarily Restricted	Total
<b>OPERATING REVENUE</b>			
State and Local Per Pupil Revenue - Reg. Ed	\$ 5,167,181	\$ -	\$ 5,167,181
State and Local Per Pupil Revenue - SPED	508,590	-	508,590
State and Local Per Pupil Facilities Revenue	-	-	-
Federal Grants	-	-	-
State and City Grants	446,023	-	446,023
Other Operating Income	-	-	-
Food Service/Child Nutrition Program	445,948	-	445,948
<b>TOTAL OPERATING REVENUE</b>	<b>6,567,742</b>	<b>-</b>	<b>6,567,742</b>
<b>EXPENSES</b>			
Program Services			
Regular Education	\$ 4,487,271	\$ -	\$ 4,487,271
Special Education	1,123,349	-	1,123,349
Other Programs	-	-	-
Total Program Services	5,610,620	-	5,610,620
Management and general	680,795	-	680,795
Fundraising	37,737	-	37,737
<b>TOTAL EXPENSES</b>	<b>6,329,152</b>	<b>-</b>	<b>6,329,152</b>
<b>SURPLUS / (DEFICIT) FROM OPERATIONS</b>	<b>238,590</b>	<b>-</b>	<b>238,590</b>
<b>SUPPORT AND OTHER REVENUE</b>			
Interest and Other Income	\$ -	\$ -	\$ -
Contributions and Grants	-	-	-
Fundraising Support	-	-	-
Investments	-	-	-
Donated Services	-	-	-
Other Support and Revenue	-	-	-
<b>TOTAL SUPPORT AND OTHER REVENUE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets Released from Restrictions / Loss on Disposal of Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CHANGE IN NET ASSETS</b>	<b>238,590</b>	<b>-</b>	<b>238,590</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 1,144,065</b>	<b>\$ -</b>	<b>\$ 1,144,065</b>
<b>PRIOR YEAR/PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,382,655</b>	<b>\$ -</b>	<b>\$ 1,382,655</b>
		CK - Should be zero	-





























<b>2019</b>	
<b>Total</b>	
\$	4,491,591
	418,271
	-
	-
	223,377
	-
	373,499
	5,506,738
\$	3,701,147
	1,003,592
	-
	4,704,739
	668,841
	-
	5,373,580
	133,158
\$	-
	-
	-
	-
	-
	-
	-
\$	-
	133,158
\$	1,010,907
	-
<u>\$</u>	<u>1,144,065</u>
	-































































**FILL IN GRAY CELLS**  
**Charter School Name**  
**Statement of Cash Flows**

**as of June 30**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS - OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 238,590	\$ 133,158
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	93,737	96,370
Grants Receivable	(229,093)	(224,689)
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	(102,883)	35,455
Accounts Payable	(83,392)	99,073
Accrued Expenses	225,126	53,201
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	-	-
Interest payments	-	-
Due to New York City Department of Education	(242,566)	253,871
Bad Debts	175,533	-
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>\$ 75,052</b>	<b>\$ 446,439</b>
<b>CASH FLOWS - INVESTING ACTIVITIES</b>		
Purchase of equipment	(98,730)	(92,872)
Other	(5,000)	110,696
<b>NET CASH PROVIDED FROM INVESTING ACTIVITIES</b>	<b>\$ (103,730)</b>	<b>\$ 17,824</b>
<b>CASH FLOWS - FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	-	-
Other	-	-
<b>NET CASH PROVIDED FROM FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (28,678)</b>	<b>\$ 464,263</b>
Cash at beginning of year	734,451	270,188
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 705,773</b>	<b>\$ 734,451</b>





























































































**FILL IN GRAY CELLS**  
**Charter School Name**  
**Statement of Functional Expenses**  
**as of June 30**

		2020								2019
	No. of Positions	Program Services				Supporting Services			Total	
		Regular	Special	Other Education	Total	Fundraising	Management and	Total		
Personnel Services Costs		\$	\$	\$	\$	\$	\$	\$	\$	\$
Administrative Staff Personnel	9.00	389,333	101,434	-	490,767	29,173	310,238	339,411	830,178	810,898
Instructional Personnel	52.00	2,271,220	591,737	-	2,862,957	-	-	-	2,862,957	2,293,086
Non-Instructional Personnel	-	-	-	-	-	-	-	-	-	-
Total Salaries and Staff	61.00	2,660,553	693,171	-	3,353,724	29,173	310,238	339,411	3,693,135	3,103,984
Fringe Benefits & Payroll Taxes		754,924	196,682	-	951,606	8,278	88,029	96,307	1,047,913	903,218
Retirement		26,106	6,802	-	32,908	286	3,044	3,330	36,238	38,708
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	15,173	15,173	15,173	21,313
Accounting / Audit Services		-	-	-	-	-	186,800	186,800	186,800	144,721
Other Purchased / Professional /		33,690	8,777	-	42,467	-	3,929	3,929	46,396	74,917
Building and Land Rent / Lease		217,843	56,755	-	274,598	-	25,402	25,402	300,000	356,363
Repairs & Maintenance		12,543	3,268	-	15,811	-	1,462	1,462	17,273	36,303
Insurance		35,522	9,255	-	44,777	-	4,142	4,142	48,919	34,101
Utilities		-	-	-	-	-	-	-	-	-
Supplies / Materials		65,749	17,130	-	82,879	-	7,667	7,667	90,546	68,705
Equipment / Furnishings		14,208	3,702	-	17,910	-	1,656	1,656	19,566	14,453
Staff Development		25,411	6,621	-	32,032	-	2,963	2,963	34,995	43,056
Marketing / Recruitment		26,117	6,804	-	32,921	-	3,046	3,046	35,967	23,237
Technology		79,008	20,584	-	99,592	-	9,213	9,213	108,805	33,789
Food Service		-	-	-	-	-	-	-	-	-
Student Services		205,435	53,522	-	258,957	-	-	-	258,957	273,626
Office Expense		18,455	4,808	-	23,263	-	2,152	2,152	25,415	13,105
Depreciation		68,066	17,734	-	85,800	-	7,937	7,937	93,737	96,370
OTHER		243,641	17,744	-	261,385	-	7,942	7,942	269,327	93,611
<b>Total Expenses</b>		<b>\$ 4,487,271</b>	<b>\$ 1,123,359</b>	<b>\$ -</b>	<b>\$ 5,610,630</b>	<b>\$ 37,737</b>	<b>\$ 680,795</b>	<b>\$ 718,532</b>	<b>\$ 6,329,162</b>	<b>\$ 5,373,580</b>







































































# 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 <b>BLUE</b>
2	Enter information into the <b>GRAY</b> cells
3	Cells containing <b>RED</b> 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 <a href="https://stateaid.nysed.gov/charter/">https://stateaid.nysed.gov/charter/</a> . Rows may be inserted in the worksheet to accomodate 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.

**South Bronx Community Charter High School**

PROJECTED BUDGET FOR 2020-2021							Assumptions
July 1, 2020 to June 30, 2021							DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
Total Revenue	5,331,795	554,935	663,300	25,000	-	6,575,030	
Total Expenses	4,499,951	363,678	-	-	1,547,828	6,411,456	
Net Income	831,844	191,257	663,300	25,000	(1,547,828)	163,574	
Actual Student Enrollment	280	70				-	
Total Paid Student Enrollment	-	-				-	
	REGULAR EDUCATION	PROGRAM SERVICES SPECIAL EDUCATION	OTHER	SUPPORT SERVICES FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
<b>REVENUE</b>							
<b>REVENUES FROM STATE SOURCES</b>							
Per Pupil Revenue	CY Per Pupil Rate						
District of Location							
South Bronx Charter School	\$16,123.00						
School District 3 (Enter Name)							
School District 4 (Enter Name)							
School District 5 (Enter Name)							
	5,331,795					5,331,795	Based on Increase in Students from PY
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	5,331,795	-	-	-	-	5,331,795	
Special Education Revenue	-	554,935	-	-	-	554,935	Based on Increase in Students from PY
Grants							
Stimulus	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
Other State Revenue	-	-	33,779	-	-	33,779	Based on Increase in Students from PY
<b>TOTAL REVENUE FROM STATE SOURCES</b>	<b>5,331,795</b>	<b>554,935</b>	<b>33,779</b>	<b>-</b>	<b>-</b>	<b>5,920,509</b>	
<b>REVENUE FROM FEDERAL FUNDING</b>							
IDEA Special Needs	-	-	75,979	-	-	75,979	Based on Increase in Students from PY
Title I	-	-	225,644	-	-	225,644	Based on Increase in Students from PY
Title Funding - Other	-	-	27,748	-	-	27,748	Based on Increase in Students from PY
School Food Service (Free Lunch)	-	-	-	-	-	-	
Grants							
Charter School Program (CSP) Planning & Implementation	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
Other Federal Revenue	-	-	-	-	-	-	
<b>TOTAL REVENUE FROM FEDERAL SOURCES</b>	<b>-</b>	<b>-</b>	<b>329,371</b>	<b>-</b>	<b>-</b>	<b>329,371</b>	
<b>LOCAL and OTHER REVENUE</b>							
Contributions and Donations, Fundraising	-	-	-	25,000	-	25,000	10% Increase each year
Erate Reimbursement	-	-	-	-	-	-	
Interest Income, Earnings on Investments,	-	-	150	-	-	150	Stays Flat
NYC-DYCD (Department of Youth and Community Developmt.)	-	-	-	-	-	-	
Food Service (Income from meals)	-	-	-	-	-	-	
Text Book	-	-	-	-	-	-	
Other Local Revenue	-	-	300,000	-	-	300,000	In-Kind Income
<b>TOTAL REVENUE FROM LOCAL and OTHER SOURCES</b>	<b>-</b>	<b>-</b>	<b>300,150</b>	<b>25,000</b>	<b>-</b>	<b>325,150</b>	
<b>TOTAL REVENUE</b>	<b>5,331,795</b>	<b>554,935</b>	<b>663,300</b>	<b>25,000</b>	<b>-</b>	<b>6,575,030</b>	
							List exact titles and staff FTE's ( Full time equiuvilalent)
<b>EXPENSES</b>							
<b>ADMINISTRATIVE STAFF PERSONNEL COSTS</b>							
	No. of Positions						
Executive Management	1.00	-	-	-	148,340	148,340	Executive Director - 1FTE
Instructional Management	-	-	-	-	-	-	
Deans, Directors & Coordinators	3.00	-	-	-	385,675	385,675	Associate Director - 1FTE; Youth Development Director 1 FTE; Academic Director 1 FTE
CFO / Director of Finance	-	-	-	-	-	-	
Operation / Business Manager	2.00	-	-	-	167,790	167,790	Special Events& Fundraising Manager 1 FTE; Senior Operations Manager 1 FTE
Administrative Staff	3.00	-	-	-	142,555	142,555	Operations Associate 2 FTE; Technology Specialist 1 FTE
<b>TOTAL ADMINISTRATIVE STAFF</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>844,360</b>	<b>844,360</b>	
<b>INSTRUCTIONAL PERSONNEL COSTS</b>							
Teachers - Regular	24.00	1,569,202	-	-	-	1,569,202	Lead Teacher 2 FTE; Learning Coach 1 FTE; Resident ELA Teacher 3 FTE; Resident ENL Specialist; Resident Science Teacher 3 FTE; Resident Social Studies Teacher 3 FTE; Resident Education Teacher 1FTE; Resident Teacher 5 FTE; Rising Teacher 3 FTE; Substitutue Rising History Teacher 1 FTE
Teachers - SPED	4.00	-	286,007	-	-	286,007	Resident Special Ed Teacher 3 FTE; Lead Teacher 1 FTE
Substitute Teachers	-	-	-	-	-	-	
Teaching Assistants	-	-	-	-	-	-	
Specialty Teachers	17.00	946,702	-	-	-	946,702	Lead Youth Development Specialist 1 FTE; Learning Coach 3 FTE; Rising Learning Coach 1 FTE; Rising Teacher 3 FTE; YD Specialist 6 FTE
Aides	-	-	-	-	-	-	
Therapists & Counselors	3.00	193,799	-	-	-	193,799	Social Worker 3 FTE
Other	-	102,927	-	-	-	102,927	PTO Payout/ Stipends
<b>TOTAL INSTRUCTIONAL</b>	<b>48</b>	<b>2,812,630</b>	<b>286,007</b>	<b>-</b>	<b>-</b>	<b>3,098,637</b>	



**South Bronx Community Charter High School**

PROJECTED BUDGET FOR 2020-2021							Assumptions
July 1, 2020 to June 30, 2021							DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
Total Revenue	5,331,795	554,935	663,300	25,000	-	6,575,030	
Total Expenses	4,499,951	363,678	-	-	1,547,828	6,411,456	
Net Income	831,844	191,257	663,300	25,000	(1,547,828)	163,574	
Actual Student Enrollment	280	70				-	
Total Paid Student Enrollment	-	-				-	
	REGULAR EDUCATION	PROGRAM SERVICES SPECIAL EDUCATION	OTHER	SUPPORT SERVICES FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
<b>NON-INSTRUCTIONAL PERSONNEL COSTS</b>							
Nurse	-	-	-	-	-	-	
Librarian	-	-	-	-	-	-	
Custodian	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
<b>TOTAL NON-INSTRUCTIONAL</b>	-	-	-	-	-	-	
<b>SUBTOTAL PERSONNEL SERVICE COSTS</b>	57	2,812,630	286,007	-	844,360	3,942,997	
<b>PAYROLL TAXES AND BENEFITS</b>							
Payroll Taxes	239,552	24,359			71,914	335,825	8.5% of Salaries
Fringe / Employee Benefits	484,897	49,336			145,652	679,886	Health Insurance 8% Increase Per Year All other Fringes 6% Increase Per Year
Retirement / Pension	37,971	3,975			11,737	53,683	Based on Salary Increase
<b>TOTAL PAYROLL TAXES AND BENEFITS</b>	762,420	77,671	-	-	229,303	1,069,393	
<b>TOTAL PERSONNEL SERVICE COSTS</b>	3,575,050	363,678	-	-	1,073,663	5,012,390	
<b>CONTRACTED SERVICES</b>							
Accounting / Audit	-	-	-	-	153,535	153,535	3% Increase Per Year
Legal	-	-	-	-	22,611	22,611	3% Increase Per Year
Management Company Fee	-	-	-	-	-	-	
Nurse Services	-	-	-	-	-	-	
Food Service / School Lunch	-	-	-	-	-	-	
Payroll Services	-	-	-	-	16,112	16,112	3% Increase Per Year
Special Ed Services	-	-	-	-	-	-	
Titlement Services (i.e. Title I)	-	-	-	-	-	-	
Other Purchased / Professional / Consulting	-	-	-	-	73,243	73,243	3% Increase Per Year
<b>TOTAL CONTRACTED SERVICES</b>	-	-	-	-	265,501	265,501	
<b>SCHOOL OPERATIONS</b>							
Board Expenses	-	-	-	-	-	-	
Classroom / Teaching Supplies & Materials	39,737	-	-	-	-	39,737	3% Increase Per Year Plus Adjusted For Increase In Students
Special Ed Supplies & Materials	-	-	-	-	-	-	
Textbooks / Workbooks	20,226	-	-	-	-	20,226	3% Increase Per Year Plus Adjusted For Increase In Students
Supplies & Materials other	-	-	-	-	31,250	31,250	PPE / Deep Cleaning Fees
Equipment / Furniture	-	-	-	-	20,614	20,614	3% Increase Per Year Plus Adjusted For Increase In Students
Telephone	-	-	-	-	6,279	6,279	3% Increase Per Year
Technology	-	-	-	-	45,000	45,000	3% Increase Per Year Plus Adjusted For Increase In Students
Student Testing & Assessment	43,553	-	-	-	-	43,553	3% Increase Per Year Plus Adjusted For Increase In Students
Field Trips	76,813	-	-	-	-	76,813	3% Increase Per Year Plus Adjusted For Increase In Students
Transportation (student)	-	-	-	-	-	-	
Student Services - other	60,018	-	-	-	-	60,018	3% Increase Per Year Plus Adjusted For Increase In Students
Office Expense	-	-	-	-	22,099	22,099	3% Increase Per Year Plus Adjusted For Increase In Students
Staff Development	-	-	-	-	42,063	42,063	3% Increase Per Year Plus Adjusted For Increase In Students
Staff Recruitment	-	-	-	-	19,896	19,896	3% Increase Per Year Plus Adjusted For Increase In Students
Student Recruitment / Marketing	-	-	-	-	5,723	5,723	3% Increase Per Year Plus Adjusted For Increase In Students
School Meals / Lunch	13,408	-	-	-	7,244	20,652	3% Increase Per Year Plus Adjusted For Increase In Students
Travel (Staff)	-	-	-	-	-	-	
Fundraising	-	-	-	-	-	-	
Other	82,094	-	-	-	8,496	90,590	3% Increase Per Year Plus Adjusted For Increase In Students
<b>TOTAL SCHOOL OPERATIONS</b>	335,849	-	-	-	208,664	544,513	
<b>FACILITY OPERATION &amp; MAINTENANCE</b>							
Insurance	55,113	-	-	-	-	55,113	3% Increase Across the Board except 5% Bulding Increase
Janitorial	621	-	-	-	-	621	3% Increase Per Year
Building and Land Rent / Lease	300,000	-	-	-	-	300,000	Rent- In Kind
Repairs & Maintenance	20,600	-	-	-	-	20,600	3% Increase Per Year
Equipment / Furniture	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
Utilities	-	-	-	-	-	-	
Moving Expenses	50,000	-	-	-	-	50,000	
Other	17,718	-	-	-	-	17,718	3% Increase Per Year
<b>TOTAL FACILITY OPERATION &amp; MAINTENANCE</b>	444,052	-	-	-	-	444,052	
<b>DEPRECIATION &amp; AMORTIZATION</b>	45,000	-	-	-	-	45,000	



**South Bronx Community Charter High School**

PROJECTED BUDGET FOR 2020-2021							Assumptions
July 1, 2020 to June 30, 2021							DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
Total Revenue	5,331,795	554,935	663,300	25,000	-	6,575,030	
Total Expenses	4,499,951	363,678	-	-	1,547,828	6,411,456	
Net Income	831,844	191,257	663,300	25,000	(1,547,828)	163,574	
Actual Student Enrollment	280	70				-	
Total Paid Student Enrollment	-	-				-	
	REGULAR EDUCATION	PROGRAM SERVICES SPECIAL EDUCATION	OTHER	SUPPORT SERVICES FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
DISSOLUTION ESCROW & RESERVES / CONTIGENCY	100,000	-	-	-	-	100,000	
TOTAL EXPENSES	4,499,951	363,678	-	-	1,547,828	6,411,456	
NET INCOME	831,844	191,257	663,300	25,000	(1,547,828)	163,574	
ENROLLMENT - *School Districts Are Linked To Above Entries*	REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED				
District of Location			-				
South Bronx Charter School	280	70	350				
School District 3 (Enter Name)			-				
School District 4 (Enter Name)			-				
School District 5 (Enter Name)			-				
TOTAL ENROLLMENT	280	70	350				
REVENUE PER PUPIL	19,042	7,928	1,895				
EXPENSES PER PUPIL	16,071	5,195	-				



# Activity - Deposit Accounts

Report created: 11/02/2020 05:39:14 PM (ET)  
Account: [REDACTED] • Checking • South Bronx Community • Available \$75,024.76  
Date range: 10/30/2020 to 11/2/2020  
Transaction types: All transactions  
Detail option: Includes transaction detail  
Total by day: Includes totals by day within the selected date range

[REDACTED] • Checking • South Bronx Community • Available \$75,024.76

Post Date	Reference	Additional Reference	Description	Debit	Credit	Calculated Ending Balance
10/30/2020	10014		INTEREST CREDIT Interest Earned		\$6.35	\$75,024.76
10/30/2020	Total Calculated Credits (1 Item)				\$6.35	
11/02/2020	Totals			\$0.00	\$6.35	