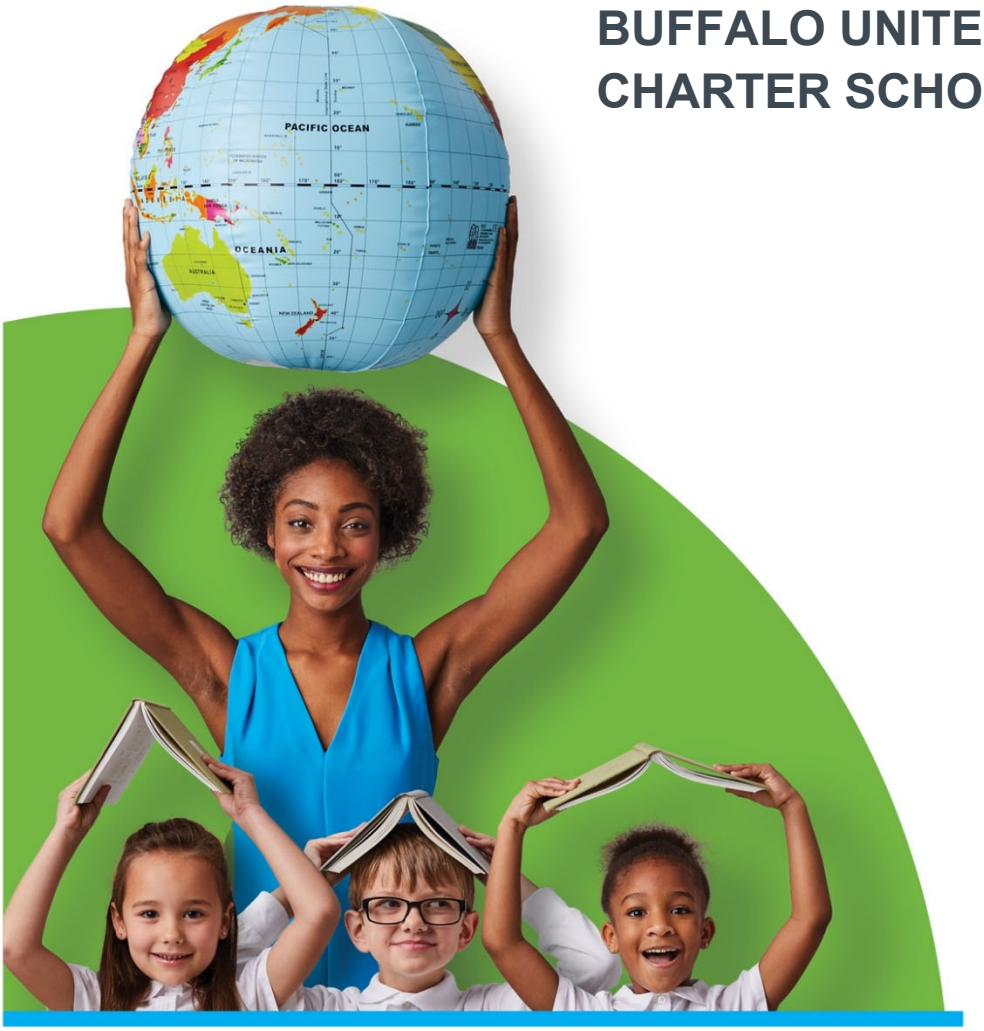
BUFFALO UNITED CHARTER SCHOOL



Financial Statements, Additional Information, and Federal Awards Supplemental Information as of and for the Years Ended June 30, 2020 and 2019, and Independent Auditor's Reports

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BUFFALO UNITED CHARTER SCHOOL

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Independent Auditor's Report

To the Board of Trustees
Buffalo United Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Buffalo United Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020 and 2019 and the related statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Buffalo United Charter School as of June 30, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Board of Trustees
Buffalo United Charter School

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buffalo United Charter School's financial statements. The schedule of expenditures of federal awards, as identified in the table of contents, and as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and supplemental New York Education Department schedule of functional expenses, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The supplemental New York Education Department schedule of functional expenses has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020 on our consideration of Buffalo United Charter School'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 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 Buffalo United Charter School's internal control over financial reporting and compliance.

October 22, 2020

BUFFALO UNITED CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash	$ 69,016	$ 85,427
Due from governmental revenue sources	504,204	339,342
Total current assets	573,220	424,769
NON-CURRENT ASSETS:		
Restricted cash	76,624	76,161
Capital assets - net	4,696	5,869
Total non-current assets	81,320	82,030
TOTAL	$ 654,540	$ 506,799
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Deferred revenue	$ 2,181	$ 21,683
Contracted service fee payable	578,866	394,041
Total liabilities	581,047	415,724
NET ASSETS - Net assets without Donor Restrictions	73,493	91,075
TOTAL	$ 654,540	$ 506,799

See notes to financial statements.

BUFFALO UNITED CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUES, GAINS AND OTHER SUPPORT:		
Public School District:		
Resident School Enrollment	$ 7,900,429	$ 7,952,906
Students with disabilities	325,079	254,248
Grants, Contracts, and Other:		
State and local	-	174,907
Federal - Title and IDEA	493,880	509,529
Other	47,930	35,632
Child nutrition program - Federal	355,393	356,493
Child nutrition program - State	9,044	7,909
Total revenues, gains and other support	9,131,755	9,291,624
EXPENSES:		
Contracted service fee:		
Program services	7,359,789	6,699,523
Management and general	1,736,967	2,557,100
Depreciation	1,173	1,173
Board expenses	51,408	25,878
Total expenses	9,149,337	9,283,674
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	(17,582)	7,950
NET ASSETS:		
Beginning of year	91,075	83,125
End of year	$ 73,493	$ 91,075

See notes to financial statements.

BUFFALO UNITED CHARTER SCHOOL

STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
State aid	$ 8,161,023	$ 8,244,099
Other state sources	(194,482)	157,310
Federal sources	940,762	841,165
Private sources	40,088	42,038
Payments for services rendered	(8,963,339)	(9,283,821)
Net cash and restricted cash (used in) provided by operating activities	(15,948)	791
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(15,948)	791
CASH AND RESTRICTED CASH — Beginning of year	161,588	160,797
CASH AND RESTRICTED CASH — End of year	$ 145,640	$ 161,588

See notes to financial statements.

1. NATURE OF OPERATIONS

Buffalo United Charter School (the "School") is a public charter school as defined by Article 56 of the New York State Education Law which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School operates under a charter approved by the State University of New York Charter School Institute, which is responsible for oversight of the School's operations. The charter expires June 30, 2021 and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business. The School provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The School's primary source of revenue is provided by the State of New York and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and was funded through payments from July 2019 through May 2020 for the year ended June 30, 2020, and was funded through payments from July 2018 through May 2019 for the year ended June 30, 2019.

The Board of Trustees of the School has entered into a management agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. The agreement will continue until termination or expiration of the charter, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources and NHA pays the Board of Trustees an amount equal to the lessor of two percent of state per pupil aid or $35,000. These funds are property of the School and may be used by the School at the discretion of the board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements of the School are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles accepted in the United States of America for not-for-profit organizations.

Estimates — 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash — Cash as of June 30, 2020 and 2019 represents bank deposits which are covered by federal depository insurance.

Restricted Cash — Under the requirements of NYSED, the School has agreed to establish a reserve cash account and maintain a minimum balance of $75,000. At June 30, 2020 and 2019, $76,624 and $76,161, respectively, of cash is restricted for that purpose. In the event of dissolution of the School, the reserve cash account would be used to pay for legal and audit expenses associated with the dissolution.

Deferred Revenue — Deferred revenue as of June 30, 2020 and 2019 consists of funds received for services which have not yet been performed.

Contracted Service Fee Payable — Contracted service fee payable represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

Capital Assets — Capital assets, which include other equipment, are reported in the applicable governmental column in the School-wide financial statements at historical costs of more than $2,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3-10 years.

The Financial Statements — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restriction* — Net assets which are not subject to donor imposed or governmental stipulations.

Revenues and contributions are reported as follows:

- Revenues, gains and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in net assets without donor restrictions. Other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or governmental restriction. Expiration of restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets. For the years ended June 30, 2020 and 2019, all revenue sources were without donor restrictions.

- Revenue is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Income Taxes — The School operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the internal revenue code. Accordingly, no provision for federal income taxes has been made.

Recent Accounting Pronouncements — In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the Statement of Activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the Statements of Activities and Cash Flows will be general consistent with the current guidance. The new lease guidance will be effective for the School's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined, but is expected to have minimal impact when adopted.

Adoption of Accounting Pronouncement — In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance is effective as of July 1, 2019 and was applied on a modified prospective basis. The School noted the standard did not have a significant impact on the timing of revenue recognition for government and individual grants and contracts.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-18, *Restricted Cash*. As of July 1, 2019, the School adopted new guidance related to the presentation of restricted cash on the Statement of Cash Flows. Under the new guidance, transfers between restricted cash and unrestricted cash are no longer presented on the statement of cash flows. Additionally, the beginning and ending balance of cash, cash equivalents, and restricted cash on the statement of cash flow now include restricted cash balances.

3. LIQUIDITY

The School has $573,220 and $424,769 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $69,016 and $85,427 and amounts due from governmental revenue sources of $504,204 and $339,342 at June 30, 2020 and 2019, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The School has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately $1,525,000 and $1,549,000 at June 30, 2020 and 2019, respectively.

While the School does not currently carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required make contributions to the School if the School's expenditures exceed the school's revenue during the year.

4. FUNCTIONAL EXPENSES

The School provides educational services to its students. Expenses related to providing these services are as follows for the years ended June 30, 2020 and 2019, respectively:

	2020	2019
Program services		
Contracted service fee	$7,359,789	$6,699,523
Board expenses	51,408	25,878
Depreciation	1,173	1,173
Total program services	7,412,370	6,726,574
Management and general		
Contracted service fee	1,736,967	2,557,100
Total	$9,149,337	$9,283,674

The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function and require an allocation on a reasonable basis that is consistently applied. Management and general expenses consist of expenditures incurred by the School based on their usage of management company services. Usage of management company services are calculated on a variety of different allocation methods based on various cost centers.

5. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2020 and 2019, and claims did not exceed coverage less retained risk deductible amounts in the past fiscal year.

6. CONTINGENCIES

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

7. CAPITAL ASSETS

Capital asset activity of the school was as follows:

Year ended June 30, 2020	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	$ 11,734	$ -	$ -	$ 11,734
Less accumulated depreciation — equipment	5,865	1,173	-	7,038
Total capital asset activity, net	$ 5,869	$ (1,173)	$ -	$ 4,696

Year ended June 30, 2019	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	$ 11,734	$ -	$ -	$ 11,734
Less accumulated depreciation — equipment	4,692	1,173	-	5,865
Total capital asset activity, net	$ 7,042	$ (1,173)	$ -	$ 5,869

8. OPERATING LEASE

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2019 through June 30, 2020. Annual rental payments required by the lease were $858,720 payable in twelve monthly payments of $71,560. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

The School subsequently renewed the sublease with NHA for the period of July 1, 2020 through June 30, 2021 at the same rental rate.

9. CORONAVIRUS

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. The impact of COVID-19 will require the School to carefully monitor its budget for fiscal year 2020-2021. It will also be necessary to monitor decisions made at the federal and state level pertaining to financial resources as those decisions will directly impact the School's budget. As information becomes known by the School, the budget will be reviewed and adjusted, as needed, to ensure adequate resources are available.

10. SUBSEQUENT EVENTS

Events or transactions for the year ended June 30, 2020 have been evaluated through October 22, 2020, the date the financial statements were available to be issued. The financial statements and the notes thereto do not reflect events or transactions after this date.

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ADDITIONAL INFORMATION

BUFFALO UNITED CHARTER SCHOOL

NEW YORK STATE EDUCATION DEPARTMENT SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

		2020								2019
		Program Services				Supporting Services				
	No. of Positions	Regular Education	Special Education	Other Education	Total	Fund-raising	Management and General	Total	Total	
Personnel Services Costs										
Administrative Staff Personnel	-	$ 628,440	$ -	$ -	$ 628,440	$ -	$ -	$ -	$ 628,440	$ 567,927
Instructional Personnel	-	2,415,683	328,011	-	2,743,694	-	-	-	2,743,694	2,516,706
Non-Instructional Personnel	-	14,188	-	-	14,188	-	-	-	14,188	17,774
Total Salaries and Staff	-	3,058,311	328,011	-	3,386,322	-	-	-	3,386,322	3,102,407
Fringe Benefits & Payroll Taxes		776,696	83,861	-	860,557	-	-	-	860,557	765,275
Retirement		51,747	6,489	-	58,236	-	-	-	58,236	62,739
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		161,360	-	-	161,360	-	-	-	161,360	12,873
Accounting / Audit Services		13,221	-	-	13,221	-	186,359	186,359	199,580	285,762
Other Purchased / Professional / Consulting Services		55,470	207,478	-	262,948	-	458,316	458,316	721,264	1,035,879
Building and Land Rent / Lease		910,957	-	-	910,957	-	-	-	910,957	892,773
Repairs & Maintenance		271,073	-	-	271,073	-	34,438	34,438	305,511	353,403
Insurance		33,478	-	-	33,478	-	-	-	33,478	32,178
Utilities		75,972	-	-	75,972	-	-	-	75,972	80,646
Supplies / Materials		394,294	191	-	394,485	-	-	-	394,485	416,102
Equipment / Furnishings		110,774	-	-	110,774	-	-	-	110,774	88,854
Staff Development		76,941	2,942	-	79,883	-	58,981	58,981	138,864	162,977
Marketing / Recruitment		232,873	-	-	232,873	-	318,070	318,070	550,943	471,478
Technology		75,972	-	-	75,972	-	230,728	230,728	306,700	452,112
Food Service		376,479	-	-	376,479	-	-	-	376,479	382,390
Student Services		19,636	-	-	19,636	-	77,059	77,059	96,695	168,992
Office Expense		51,971	-	-	51,971	-	6,939	6,939	58,910	55,708
Depreciation		1,173	-	-	1,173	-	-	-	1,173	1,173
Other		35,000	-	-	35,000	-	366,077	366,077	401,077	459,953
Total Expenses		$ 6,783,398	$ 628,972	$ -	$ 7,412,370	$ -	$ 1,736,967	$ 1,736,967	$ 9,149,337	$ 9,283,674

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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*

Independent Auditor's Report

To Management and the Board of Trustees
Buffalo United Charter School

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 Buffalo United Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities and change in net assets and cash flows for the years then ended, and related notes to the financial statements, and have issued our report thereon dated October 22, 2020.

Internal Control Over Financial Reporting

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

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

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

To Management and the Board of Trustees
Buffalo United Charter School

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buffalo United Charter 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

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

Plante Moran, PC

October 22, 2020

SUPPLEMENTAL INFORMATION

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Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance Required by the
Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Buffalo United Charter School

Report on Compliance for Each Major Federal Program

We have audited Buffalo United Charter School's (the "School") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2020. Buffalo United Charter School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Buffalo United Charter School's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buffalo United Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Buffalo United Charter School's compliance.

Opinion on Each Major Federal Program

In our opinion, Buffalo United Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

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To the Board of Trustees
Buffalo United Charter School

Report on Internal Control Over Compliance

Management of Buffalo United Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Buffalo United Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante Moran, PC

October 22, 2020

BUFFALO UNITED CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Expenditures	Current Year Cash Transferred to Subrecipient
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture -				
Passed through the New York State Department of Education:				
National School Lunch Program 2018-19	191960	10.555	$ 9,671	$ -
National School Lunch Program 2019-20	201960	10.555	227,875	-
National School Seamless Summer Program 2019-20	NA	10.555	20,093	-
National School Lunch Program Subtotal		10.555	257,639	-
National School Breakfast Program 2018-19	191970	10.553	2,669	-
National School Breakfast Program 2019-20	201970	10.553	95,085	-
National School Breakfast Program Subtotal		10.553	97,754	-
Total Child Nutrition Cluster			355,393	-
Special Education Cluster - U.S. Department of Education -				
Passed through the Board of Education - City of Buffalo:				
IDEA Flowthrough 1920	200450	84.027	93,495	-
IDEA Preschool 1920	200460	84.173	2,064	-
Total Special Education Cluster			95,559	-
Other federal awards:				
Passed through the New York State Department of Education:				
Title I Part A:				
Title I Part A 1819	0021194231	84.010	22,639	-
Title I Part A 1920	0021204231	84.010	315,862	-
Total Title I Part A		84.010	338,501	-
Title II Part A - Improving Teacher Quality:				
Title II Part A 1819	0147194231	84.367	5,512	-
Title II Part A 1920	0147204231	84.367	25,960	-
Total Title II Part A		84.367	31,472	-
Title IV - SSAE:				
Title IV SSAE 1819	0204194231	84.424	2,201	-
Title IV SSAE 1920	0204204231	84.424	26,147	-
Total Title IV SSAE		84.424	28,348	-
Total noncluster programs passed through the New York State Department of Education			398,321	-
Total federal awards			$ 849,273	$ -

See Notes to Schedule of Expenditures of Federal Awards.

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Buffalo United Charter School (the "School") under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The School has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Federal/State Grant Payments – End of Year Report as published by the New York State Education Department in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

BUFFALO UNITED CHARTER SCHOOL

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	____ Yes	_X_ No	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	_X_ None reported	
Noncompliance material to financial statements noted?	____ Yes	_X_ None reported	

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	____ Yes	_X_ No	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	_X_ None reported	
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	____ Yes	_X_ No	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000		
Auditee qualified as low-risk auditee?	_X_ Yes	____ No	

Section II - Financial Statement Audit Findings

Reference Number	Finding	Questioned Costs

Current Year None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs

Current Year None

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October 22, 2020

To the Board of Trustees
Buffalo United Charter School

We have audited the financial statements of Buffalo United Charter School (the "School") as of and for the year ended June 30, 2020 and 2019 and have issued our report thereon dated October 22, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 16, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Buffalo United Charter School. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are 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 specifically to identify such matters.

Our audit of Buffalo United Charter School's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of Buffalo United Charter School, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 22, 2020 regarding our consideration of Buffalo United Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated June 10, 2020.

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Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Buffalo United Charter School are described in Note 2 to the financial statements.

As described in Note 2, the School adopted the provisions of ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is effective as of July 1, 2019 and was applied on a modified prospective basis. The School noted the standard did not have a significant impact on the timing of revenue recognition for government and individual grants and contracts. The School also adopted the provisions of ASU No. 2016-18, *Restricted Cash*. The new guidance is effective as of July 1, 2019 and was applied on the modified prospective basis.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected.

There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

To the Board of Trustees
Buffalo United Charter School

October 22, 2020

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Academy, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the School. The results of that audit are provided to the board of the School in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 200 dated October 22, 2020.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 22, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the board of trustees and management of Buffalo United Charter School and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the preceding communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PC