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# **Bridge Preparatory Charter School**

**Audited Financial Statements In Accordance with  
Government Auditing Standards**

**For the Period from Inception Through June 30, 2020**

# BRIDGE PREPARATORY CHARTER SCHOOL

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## **Independent Auditor's Report**

To the Board of Trustees of  
Bridge Preparatory Charter School

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

We have audited the accompanying financial statements of Bridge Preparatory Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows from inception through June 30, 2020, 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.

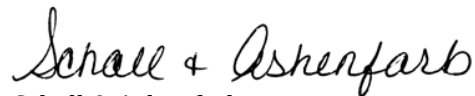
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridge Preparatory Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the period from inception through June 30, 2020 in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of the 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 the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

October 14, 2020



**BRIDGE PREPARATORY CHARTER SCHOOL  
STATEMENT OF FINANCIAL POSITION  
AT JUNE 30, 2020**

**Assets**

Cash and cash equivalents	\$708,961
Grant receivable - New York City (Note 3)	11,133
Grants receivable - other	249,050
Restricted cash (Note 4)	20,113
Fixed assets, net (Note 5)	<u>148,510</u>
Total assets	<u><u>\$1,137,767</u></u>

**Liabilities and Net Assets**

Liabilities:	
Accounts payable and accrued expenses	\$272,087
Paycheck Protection Program loan (Note 6)	<u>136,000</u>
Total liabilities	<u>408,087</u>
Net assets - without donor restrictions	<u>729,680</u>
Total liabilities and net assets	<u><u>\$1,137,767</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**BRIDGE PREPARATORY CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE PERIOD FROM INCEPTION THROUGH JUNE 30, 2020**

**Without donor restrictions:**

Public support and revenue:	
Public school district: (Note 3)	
Revenue - resident student enrollment	\$1,369,326
Revenue - students with special education services	777,488
Subtotal public school district revenue	<u>2,146,814</u>
Government grants	882,677
Contributions	345,000
Other income	3,369
Total public support and revenue	<u>3,377,860</u>
Expenses:	
Program services:	
Regular education	782,584
Special education	1,259,212
Total program services	<u>2,041,796</u>
Supporting services:	
Management and general	606,384
Total expenses	<u>2,648,180</u>
Change in net assets	729,680
Net assets - beginning	<u>0</u>
Net assets - ending	<u><u>\$729,680</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**BRIDGE PREPARATORY CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE PERIOD FROM INCEPTION THROUGH JUNE 30, 2020**

	Program Services			Supporting Services	Total Expenses
	Regular Education	Special Education	Total Program Services	Management and General	
Salaries	\$499,693	\$764,399	\$1,264,092	\$228,204	\$1,492,296
Payroll taxes and benefits	93,295	142,718	236,013	42,607	278,620
<b>Total personnel costs</b>	<b>592,988</b>	<b>907,117</b>	<b>1,500,105</b>	<b>270,811</b>	<b>1,770,916</b>
Professional fees			0	226,899	226,899
Professional development	63,062	96,869	159,931	20,976	180,907
Student and staff recruitment	1,212	1,854	3,066	56,517	59,583
Curriculum and classroom expenses	65,471	161,808	227,279		227,279
Supplies and materials	14,105	21,578	35,683	6,442	42,125
Office expenses	7,519	11,503	19,022	3,434	22,456
Insurance	8,668	13,259	21,927	3,958	25,885
IT and communications	14,119	21,598	35,717	6,448	42,165
Non-capitalized equipment and furnishings	4,006	6,128	10,134	1,829	11,963
Other expenses	280	435	715	3,975	4,690
Depreciation	11,154	17,063	28,217	5,095	33,312
<b>Total other than personnel costs</b>	<b>189,596</b>	<b>352,095</b>	<b>541,691</b>	<b>335,573</b>	<b>877,264</b>
<b>Total expenses</b>	<b>\$782,584</b>	<b>\$1,259,212</b>	<b>\$2,041,796</b>	<b>\$606,384</b>	<b>\$2,648,180</b>

*The attached notes and auditor's report are an integral part of these financial statements.*

**BRIDGE PREPARATORY CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM INCEPTION THROUGH JUNE 30, 2020**

Cash flows from operating activities:	
Change in net assets	\$729,680
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	33,312
Changes in assets and liabilities:	
Grant receivable - New York City	(11,133)
Grants receivable - other	(249,050)
Accounts payable and accrued expenses	272,087
Paycheck Protection Program loan	136,000
Total adjustments	<u>181,216</u>
Net cash provided by operating activities	<u>910,896</u>
 Cash flows from investing activities:	
Purchases of furniture and equipment	<u>(181,822)</u>
Net cash used for investing activities	<u>(181,822)</u>
 Net increase in cash, cash equivalents, and restricted cash	729,074
 Cash, cash equivalents, and restricted cash - beginning	<u>0</u>
 Cash, cash equivalents, and restricted cash - ending	<u><u>\$729,074</u></u>
 Cash, cash equivalents, and restricted cash:	
Cash and cash equivalents	\$708,961
Restricted cash	20,113
	<u><u>729,074</u></u>

No taxes or interest were paid.

*The attached notes and auditor's report are an integral part of these financial statements.*

**BRIDGE PREPARATORY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1 - Organization and Nature of Activities**

Bridge Preparatory Charter School (the “School”), located in Staten Island, New York, is a not-for-profit education corporation chartered by the Board of Regents of the University of the State of New York, for and on behalf of the State Education Department. The School is specifically designed to meet the needs of students struggling with literacy, specifically those students with dyslexia or other language-based learning needs. The School ensures that students gain the skills and confidence to meet their full academic potential and the School’s innovative and rigorous student-centered environment develops students to be confident, creative, life-long learners. The School completed the 2019-2020 fiscal year with an average enrollment of approximately 80 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education (“NYCDOE”).

In August 2019, the School was granted a provisional charter for a term up to and including June 2024. The financial statements reflect activity from inception through June 30, 2020.

The School has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. They have not been designated as a private foundation.

**Note 2 - Significant Accounting Policies**

a. Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

The School follows the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

The School also follows (“ASU”) No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the School evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the School applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

b. Basis of Presentation

Net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. The School did not have any net assets with donor restrictions at June 30, 2020.

c. Revenue Recognition

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments or release from obligations and are recorded as liabilities and recognized as income once the conditions have been substantially met. The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions and fall under Topic 605. Revenue from these transactions is recognized based on rates established by the School's funding sources and when performance related outcomes are achieved as well as other conditions under the agreements are met.

Contributions and grants that are due within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2020. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollected.

d. Cash and Cash Equivalents

The School considers all liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. Restricted cash has been classified separately.

e. Concentration of Credit

Financial instruments which potentially subject the School to concentration of credit risk consist of checking accounts, which have been placed with a financial institution that management deems to be creditworthy. From time-to-time, cash balances may be in excess of insurance levels. At year-end, there was a significant uninsured balance; however, the School has not experienced any losses due to bank failure.

f. Capitalization Policy

Computer hardware and furniture and equipment are capitalized at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of \$1,000 that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful life of each asset, which generally is between 3 and 7 years.

g. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist the School. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

Salaries were allocated using time and effort as the basis. The following costs were allocated using the salary allocation as the basis:

- Payroll taxes and benefits
- Professional development
- Supplies and materials
- Office expenses
- Insurance
- IT and communications
- Non-capitalized equipment and furnishings
- Depreciation

Certain program expenses have been allocated between Regular Education and Special Education based on student FTE rates. All other expenses have been charged directly to the applicable program or supporting services.

i. Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

j. Contingencies

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.

k. Accounting for Uncertainty in Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2019, the School's initial filing, and later are subject to examination by applicable taxing authorities.

**Note 3 - Grant Receivable – New York City Department of Education**

Activity related to the contract with the NYCDOE for the period from inception through June 30, 2020 can be summarized as follows:

Per pupil funding:	<u>6/30/20</u>
Funding based on allowable FTE's	\$2,146,814
Advances received	<u>(2,135,681)</u>
Ending grant receivable	<u>\$11,133</u>

**Note 4 - Restricted Cash**

An escrow account has been established to meet the requirement of the Board of Regents of the State of New York. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

**Note 5 - Fixed Assets**

Fixed assets consist of the following:

	<u>6/30/20</u>
Furniture and equipment	\$181,822
Less: accumulated depreciation	<u>(33,312)</u>
Total fixed assets, net	<u>\$148,510</u>

**Note 6 - Paycheck Protection Program Loan**

During the period from inception through June 30, 2020, the School obtained a loan from the SBA through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

The School expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution; however, will continue to review whether any new accounting pronouncements may be issued that will provide more definitive guidance.



**Note 7 - Significant Concentrations**

The School and New York City Department of Education (“NYCDOE”) signed an agreement, which permits the school to operate the charter. Approximately 64% of the School’s total public support and revenue was received from the period from inception through June 30, 2020. If NYCDOE were to discontinue funding, it would have a severe economic impact on the School’s ability to operate.

**Note 8 - Donated Space**

The School is located in a NYCDOE facility and utilizes approximately 10,000 square feet at no charge. The School was unable to determine a value for this service.

**Note 9 - Defined Contribution Plan**

The School maintains a tax deferred 403(b) retirement plan. All employees are eligible to participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. The School matches employee contributions to the plan on a discretionary basis and these contributions are immediately vested in full. The amount of estimated matching payments of \$15,000 have been included in payroll taxes and employee benefits in the accompanying financial statements for the period from inception through June 30, 2020.

**Note 10 - Availability and Liquidity**

The School’s financial assets available to meet cash needs for general expenditures within one year are \$969,144, which consist of cash and cash equivalents of \$708,961 and grants receivable due within one year of \$260,183 at June 30, 2020. There are no external or internal limits imposed on these balances. As part of its liquidity management, the School operates its programs within a board approved budget and relies on grants and contributions to fund its operations and program activities.

**Note 11 - Subsequent Events**

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 14, 2020, the date the financial statements were available to be issued. No additional events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.

**Note 12 - Other Matters**

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Since then, the pandemic has led to quarantines, facility closures, and travel and logistics restrictions that have hurt workforces, economies, and financial markets. These events could adversely affect the School by potentially impacting the funding it receives, limiting program operations, depressing demand for its services, and disrupting its students, staff, and suppliers. As of the date of these financial statements, the potential impact of these events on the School cannot be quantified.

**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 the Board of Trustees of  
Bridge Preparatory 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 Bridge Preparatory Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the period from inception through June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2020.

***Internal Control over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

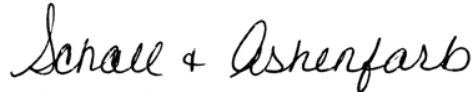
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Schall & Ashenfarb  
Certified Public Accountants, LLC

October 14, 2020

**BRIDGE PREPARATORY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2020**

Current Year:

None

Prior Year:

None – This is the School’s first audit.

## **Communication with Those Charged with Governance**

To the Board of Trustees of  
Bridge Preparatory Charter School

We have audited the financial statements of Bridge Preparatory Charter School (the "School") for the period from inception through June 30, 2020 and have issued our report thereon dated October 14, 2020. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated December 7, 2018, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

### Planned Scope of Audit

We performed our audit according to the plan previously communicated to you in our engagement letter.

### Significant Accounting Policies

Management has the responsibility for 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. For the period ended June 30, 2020, the School adopted ASU No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606") as well as ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The effects of these are summarized in Note 2, to the financial statements, along with other significant policies. Other than this, no new accounting policies were adopted during the period under audit and the application of existing policies was not changed during the year.

We noted no transactions entered into by the School during the period that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

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.

The most sensitive estimates used in preparing the financial statements were as follows:

- The allocation of expenses into program, management and fundraising categories and to determine use of government grant funds
- Estimate for collectability of receivables
- Fixed asset depreciation methods and useful lives

We evaluated the key factors and assumptions used to develop the above estimate in determining that it was reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent and clear.

### Significant Audit Adjustments

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. For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. There were no adjustments of this kind.

There are no known adjustments posed to management that have not been recorded.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter 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 the audit.

### 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 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.

### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the auditors. There were no specific matters of this nature discussed prior to our retention.

### Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered in performing the audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter.

### Industry Updates

We would like to update you on important matters in the not-for-profit sector, including new accounting standards, priorities at the IRS and the Office of Management and Budget. To summarize:

### **Auditing Updates**

The impact of COVID-19 has been felt all throughout the world. The World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. Many donors, suppliers, vendors, customers have been adversely impacted by quarantines, facility closures and travel and logistic restrictions connected with the outbreak.

Those organizations that have been able to provide programming remotely are a step ahead of those who are struggling to adapt to the on-line world. Various stimulus programs, most notably, Paycheck Protection Program Funds, PPP, have been made available to charitable organizations in need. Rules governing how to convert these loans into non-payable grants has been everchanging. One thing is for certain is that the financial statements will look different.

As a result, the way we perform audits has changed. Audits have moved into a remote environment. One thing that has not changed, however is that entities need to maintain systems of internal control and auditors will be gaining an understanding so they can assess the risk of material misstatements and design their tests. In that sense, in some ways the audit will be the same (objectives have not changed), but the steps needed to get there will be different. There will be a stronger review of the impact that COVID-19 has on the ability of an entity to remain a going concern. Wide fluctuations in stock markets and other securities brought about angst from the public and high volatility of prices. Reviewing these areas takes on an increased emphasis during the current year's audit.

On a more technical note, SAS No. 134 through 140 are deferred for one year and are now applicable for periods ending on or after December 15, 2021.

### **Accounting Updates**

#### Proposed Accounting Standards Update - Gifts in Kind

On February 10, The Financial Accounting Standards Board ("FASB") issued a proposed Accounting Standards Update ("ASU"), Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU is intended to improve transparency and consistency of the Gifts-in-Kind ("GIK") reporting. The new standard will require the following changes in the presentation of the Gifts-in-Kind:

- Separate line item presentation on Statement of Activities.
- Desegregation of the amount contributed in the footnotes.

- Disclose whether nonfinancial GIKs were sold or utilized and description of the program/activities in which those assets were used.
- Disclose NFP's policy (if any) for monetizing rather than utilizing contributed nonfinancial assets.
- Disclose a description of any donor restrictions associated with the contributed nonfinancial assets.
- Disclose how fair value was arrived at, provide a description of the valuation techniques and inputs used to arrive at a fair value measure for GIKs.

The final standard is expected in fall 2020 and will be effective for NFPs for annual reporting periods beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022, with early adoption permitted.

#### Accounting Standards Update 2020-05

On June 3, 2020 the FASB issued ASU 2020-05 that provides for a one-year deferral for the following:

- Revenue recognition (Topic 606)
- Effective CY 2020, FY 2021(non-public)
- Leases (Topic 842)
- Effective CY 2022 and FY 2023 (non-public)

#### FASB New Accounting Standard – Accounting Standards Update No. 2014-09

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. Entities with a calendar 2019 year-end and all other entities thereafter can elect to adopt this standard. A one-year deferral to years beginning after December 15, 2019 (ASU No. 2020-05) has been granted.

This standard eliminates the majority of industry specific regulations and focuses more on a principles-based model for exchange transactions. Many nonprofits currently have transactions of this type, such as tuition, membership dues, licenses and royalties. It is important to note that contributions are not subject to this standard.

The five-step revenue model highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied. For nonprofit organizations that do not have public debt, this standard is applicable for calendar 2019 entities or those with a fiscal year that ends during 2020.

#### FASB New Accounting Standard – Accounting Standards Update No. 2018-08

FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides guidance on whether a receipt from a third-party resource provider falls under the contributions standard or whether it is an exchange transaction.

When a resource provider does not receive commensurate value, they are required to follow the contribution guidance. This standard, for the first time, provides information about how to make this evaluation. The ASU also provides a framework for determining whether a contribution is conditional



or unconditional and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because it impacts when revenue will be recognized.

Specifically, the ASU explains how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction. Basically, the not-for-profit should evaluate whether the resource provider is receiving value in return for the resources transferred based on the following criteria:

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. The indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
- Execution of a resource provider's mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

This evaluation will have the biggest impact on government grants for those entities that have such transactions. Under this new guidance, most government grants will likely be evaluated as a contribution rather than an exchange transaction. However, the revenue recognition may not change in many cases as the contribution is likely to be considered conditional, which has the same recognition principles as does an exchange transaction.

The factors to determine whether a contribution is conditional is based on whether the agreement includes a barrier that must be overcome **and** either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. A probability assessment about whether the recipient is likely to meet a stipulation is not a factor when determining whether the agreement contains a barrier. In addition, a contribution containing stipulations that are not clearly unconditional shall be presumed to be conditional.

The ASU modifies the simultaneous release option, currently in GAAP, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This option may now be elected for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns.

A not-for-profit entity that has not issued, or is not a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market would apply the new standard to annual reporting periods beginning after December 15, 2018 (a calendar year organization will apply for their December 31, 2019 financial statements and a fiscal year entity will apply during their fiscal year that ends in 2020).

Early adoption is permitted.

The ASU should be applied on a modified prospective basis where there is no cumulative effect adjustment to opening net assets and no restatement of prior period results.

#### FASB New Accounting Standard – Accounting Standards Update No. 2016-02

On February 25, 2016, the FASB issued an ASU No. 2016-02, *Leases*. Under this standard, all leases, including operating leases, with terms of more than twelve months will be required to be reflected

as assets and liabilities on the statement of financial position. The asset will be for the rights to use the property, equipment or space and the liability will be for the total obligations created by that lease.

For most not-for-profit entities, this ASU will be effective for periods beginning after December 15, 2019, which for practical purposes will be years ending December 31, 2020 and fiscal year entities that end in 2021. During the time before implementation is required, it is important for you to determine how this change will impact your organization. Important financial ratios and measures will change, and that is especially relevant to organizations that have loans with debt covenants.

#### Accounting Standards Update No. 2019-10 issued

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2019-10 that delays the effective dates for the following new standards:

- Leases (ASU No. 2016-02)
- Credit losses (ASU No. 2016-13)
- Hedging (ASU No. 2017-12)

The ASU extends the effective dates of the three standards as they relate to not-for-profit entities as follows:

- **Leases:** The effective date for not-for-profit bond obligors (direct and conduit) would remain unchanged at years beginning after December 15, 2018. The effective date for all other not-for-profit entities would be years beginning after December 15, 2020, an additional extension of one year.
- **Credit losses:** The new effective date for all not-for-profit entities would be years beginning after December 15, 2022, an additional extension of two years.
- **Hedging:** The new effective date for all not-for-profit entities would be years beginning after December 15, 2020, an additional extension of one year.

Early-adoption options for the standards will remain unchanged.

## **IRS Updates**

### Repeal of UBIT on Transportation Fringe Benefits.

On December 20, 2019, the Taxpayer Certainty and Disaster Tax Relief Act of 2019 was signed into law. Included in the bill was a repeal of Section 512(a)(7) of the Tax Cuts and Jobs Act, which had imposed unrelated business income taxes on nonprofit organizations that provided certain transportation fringe benefits. Organizations will no longer be required to pay taxes in connection with such benefits. Additionally, the repeal was retroactive meaning organizations can obtain refunds for any amounts paid. The IRS has indicated that refunds are to be claimed by filing an amended 990-T.

### Private Foundations – Change in Excise Tax Rates

Another change impacting the non-profit sector as a result of this bill, beginning in calendar year 2020, private foundations will now be imposed a flat tax rate of 1.39% on net investment income.

This replaces the previous system which subjected private foundations to either a 1% or 2% excise tax, depending on the organization's level of qualified charitable contributions.

#### IRS Reform

On July 1, 2019, the Taxpayer First Act was signed into law, which provided for a comprehensive reform of the IRS. In broad terms the bill provides for an independent appeal process for taxpayers and aims to update information technology at the IRS. Specifically related to the non-profit sector, the legislation requires all tax-exempt organizations to electronically file form 990. Prior to the law, only non-profits with assets greater than \$10 million and those that file more than 250 returns were required to file electronically. The e-file requirement will go into effect for tax years ended July 31, 2020 and later.

#### NYS Updates to Solicitation Disclosure

On December 21, 2018, Governor Cuomo signed NYS Assembly Bill A2688B, which relates to solicitation used by or on behalf of any charitable organization. The bill, which was effective as of March 21, 2019, requires that any solicitation shall include a statement that upon request, a person may obtain from the organization or from the charity's registry on the attorney general's website, a copy of the last financial report filed by the organization with the attorney general. Additionally, all solicitations used by or on behalf of the organization must identify the website and telephone number of the NYS Office of the Attorney General where an individual can receive information on charitable organizations.

### **Government Auditing Updates**

#### Changes to 2020 Compliance Supplement

On August 17, 2020, the Office of Management and Budget (OMB) released the final 2020 OMB *Compliance Supplement* (the Supplement). An addendum is expected later in fall 2020 that addresses specific matters pertaining to COVID-19. The 2020 Supplement supersedes the 2019 Supplement and is effective for audits of fiscal years beginning after June 30, 2019, e.g., years ending on June 30, 2020 and December 31, 2020.

Some of the more significant changes are as follows:

- Part 3.1 was removed. As you may recall this was related to federal awards made prior to December 26, 2014.
- Part 2, Matrix of Compliance Requirements has changes, which are highlighted in yellow, with corrections highlighted in blue.
- Updates were made to the clusters in Part 5 (Although the addendum will include new COVID-19 programs and changes to existing programs due to COVID-19 funding, the addendum will not add new clusters of programs nor will it revise existing clusters.)
- Provides information on COVID-19 in Appendix VII.
- Minor changes to Part 7, Guidance for Auditing Programs Not Included in This Compliance Supplement.

A few things that had been discussed as possible changing but were left consistent with past years is as follows:

- Maintains the six-requirement mandate
- No changes to Part 6, Internal Control

Changes to Uniform Guidance

In August 2020, OMB issued revisions to the Uniform Guidance (“UG”) (2 CFR Part 200).

Changes to the procurement standards

- Procurement types have been grouped into three categories:
  - Informal (micro-purchase, small purchase)
  - Formal (sealed bids, proposals)
  - Non-competitive (sole source)

The UG has been aligned with recently enacted federal laws to raise:

- The micro-purchase threshold has increased from \$3,500 to \$10,000
- The simplified acquisition threshold has increased from \$150,000 to \$250,000

Nonfederal entities are authorized to request a micro-purchase threshold higher than the \$10,000 based on certain conditions.

Expansion of the de minimis indirect cost rate (200.414)

Previously to claim the de minimis indirect cost rate, an entity could not have previously had a federal indirect rate. With the change, if the entity does not have a current federal indirect cost rate, then they are eligible for the de minimis rate.

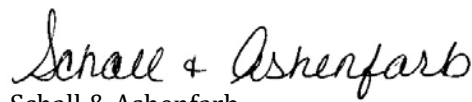
Timing of the single audit quality project

The date for the requirement for a government wide single audit quality project that must be performed once every six years has been changed to years beginning with audits submitted in 2021. The UG originally provided for the study of single audit quality to begin with audits submitted in 2018.

Independence Issues

Schall & Ashenfarb, CPA’s, LLC is not aware of any relationships that our firm, or any employees thereof, has with the School or any of its board trustees that, in our professional judgment may impair our independence.

This information is intended solely for the use of the Board of Trustees and management of Bridge Preparatory Charter School and should not be used for any other purpose.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

October 14, 2020

**Exhibit 1**



IRVING SCHALL, CPA  
DAVID C. ASHENFARB, CPA  
MICHAEL SCHALL, CPA

December 7, 2018

Mr. Timothy Castanza  
Founder & Executive Director  
And Those Charged with Governance  
Bridge Preparatory Charter School  
Staten Island, New York

RE: Preparation of 2020 IRS Form 990  
Audit of Financial Statements as of June 30, 2020

Dear Mr. Castanza:

We are pleased to confirm our understanding of the services we are to provide for Bridge Preparatory Charter School for the year ended June 30, 2020.

We will audit the financial statements of Bridge Preparatory Charter School, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Audit Objectives**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Bridge Preparatory Charter School's financial statements. If our opinion is other than unmodified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of 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 on compliance and (2) the report is an integral part of an audit performed in accordance with *Government Auditing*



## Exhibit 1

*Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Bridge Preparatory Charter School is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with generally accepted auditing standards established by the auditing standards board (United States) and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because **we will not perform a detailed examination of all transactions**, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill the Organization for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the responsibilities of the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.



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**Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

**Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Bridge Preparatory Charter School's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

**Other Services**

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting your Organization. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your board of directors' meetings.

We will prepare the Organization's federal information returns for the year ended June 30, 2020, based on information provided by you. We will also assist in preparing the financial statements and related notes of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards*, and such services will not be conducted in accordance with *Government Auditing Standards*.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

**Management Responsibilities**



## Exhibit 1

**Management is responsible** for (1) establishing and maintaining internal controls, including monitoring ongoing activities and for helping to ensure that appropriate goals and objectives are met; (2) following laws and regulations; and (3) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contract, and grant agreements. **Management is responsible** for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. Generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. **A partner will present the results of our audit to your audit committee or your board of directors (in person or by teleconference).**

**Management is also responsible** for making all financial records and related information available to us and for the accuracy and completeness of that information. **Management is also responsible** for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

**Management's responsibilities include** adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**You are responsible** for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. **Your responsibilities include** informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, **you are responsible** for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

**Management is responsible** for establishing and maintaining a process for tracking the status of audit findings and recommendations. **Management is also responsible** for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. **The Organization is also responsible for providing** management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the tax services, financial statements, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with the preparation of the financial statements and related notes and that you have evaluated the



## Exhibit 1

adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; you also agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience, to evaluate the adequacy and results of the services and to accept responsibility for them.

If you use a financial consultant to review your books, prepare journal entries or prepare financial statements, we will request certain representations from them as well. **Because of the importance of management's representations to an effective audit, failure of management or its financial consultants to provide representations to us in the form of a representation letter will cause our auditors opinion to be a "disclaimer" for a scope limitation.**

### Engagement Administration and Other

We understand that your employees and/or consultants will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. Certain financial institutions may charge us for this and the cost will be passed on to you. We will send a template in Word format for use with confirmation requests.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Schall & Ashenfarb, CPAs, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Government Regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government accountability Office for purposes of a quality review of the audit, to resolve audit findings or to carry out oversight responsibilities. Pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your funding source or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schall & Ashenfarb's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Government Regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

David Ashenfarb is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign in this capacity. Please contact us to discuss a date that we can begin the audit and outline a plan for delivery of draft and final documents to you. Our audit engagement ends on delivery of financial reports; however, we are still available



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for routine conversations without charge until either party has officially terminated the relationship. Any follow-up services that might be required will be considered a new engagement.

### **E-mail Communication**

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

### **Posting of Audit Report and Financial Statements on Your Web Site**

You agree that, if you plan to post an electronic version of the financial statements and audit report on your Web site, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your Web site and the signed version of the financial statements and audit reports provided to management by us. You also agree to indemnify us from any and all claims that may arise from any differences between the electronic and signed copies.

### **Taxes**

As part of our engagement, we will also prepare the federal information return (Form 990). In order to prepare complete and accurate returns, we will require you to provide certain information about board governance policies, which may also include, but not be limited to, providing salary amounts for employees greater than \$100,000, contractors for professional services in excess of the same amount, names, addresses and dollar amounts of large contributors in excess of certain calculated amounts and other matters that are not generally covered during the audit. If the information is not provided to us in a timely manner, you will not hold us responsible for any penalties incurred for incomplete information.

We will send you an authorization form so that we can file your federal taxes electronically. If we do not receive the form back, or you prefer not to file electronically, we will send you hard copies to file. We will also send you electronic copies only for your records unless we receive a specific request for hard copies.

**As a result of the Tax Cut and Jobs Act passed in December 2017, exempt organizations may now be subject to unrelated business income taxes in connection with providing certain fringe benefits to its employees after December 31, 2017. While the Internal Revenue Services has not yet released details, it is anticipated that this tax will be reported on an updated Form 990-T. If it is determined that such a filing will be necessary for your organization, a fee of \$500 will be billed for the preparation of the return.**

### **Fee**



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Our fee will be \$13,000. At the completion of the audit, we will provide electronic versions of the audited financial statements, management letter (if applicable) and communications with those charged with governance and 10 copies of the final report without charge. Any additional copies will cost \$5 per report. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If applicable, we will charge you other out of pocket costs such as postage for confirmations, fees incurred for certain electronic bank confirmations and setting up conference calls through our phone center, etc. Our fee will be billed monthly and is payable upon receipt. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest at 1% per month (not to exceed the maximum amount permitted by law.) In the event any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our reasonable costs of collection, including without limitation attorney's fees.

A payment is required upon the signing of this letter in the amount of \$3,000. If we terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

If the School receives CSP funding, the grantor may require a separate "agreed upon procedures report". The terms of this engagement do not include additional services required to prepare a separate agreed upon procedures report. If such services are required, a separate agreement outlining the scope of work and related fees will be made at that time.

### **Independence**

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your Organization in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of your Organization. However, we will provide advice and recommendations to assist management of the Organization in performing its functions and fulfilling its responsibilities.

We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Organization must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters



Exhibit 1

of comment received during the period of the contract. Our 2016 peer review report accompanies this letter.

We have attached a brief questionnaire that will help us plan the timing of the engagement to ensure you receive documents in your desired time frame. Please take a moment to fill that out.

We appreciate the opportunity to be of service to Bridge Preparatory Charter School and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us along with the questionnaire referred to above.

Very truly yours,

*Schall & Ashenfarb*

Schall & Ashenfarb  
Certified Public Accountants, LLC

RESPONSE:

This letter correctly sets forth the understanding of Bridge Preparatory Charter School for the year ended June 30, 2020.

*[Handwritten Signature]*

\_\_\_\_\_  
Officer signature

*Executive Director*

\_\_\_\_\_  
Title

*12/12/2018*

\_\_\_\_\_  
Date

## Exhibit 1



### Report on the Firm's System of Quality Control

January 29, 2020

To the Members of Schall & Ashenfarb Certified Public Accountants, LLC  
and the Peer Review Committee of the Pennsylvania Institute of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Schall & Ashenfarb Certified Public Accountants, LLC, (the firm) in effect for the year ended August 31, 2019. Our peer review was conducted in accordance with Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### **Peer Reviewer Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

#### **Required Selections and Considerations**

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act.

#### **Opinion**

In our opinion the system of quality control for the accounting and auditing practice of Schall & Ashenfarb Certified Public Accountants, LLC in effect for the year ended August 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass; pass with deficiency (ies) or fail, Schall & Ashenfarb Certified Public Accountants, LLC has received a rating of pass.



## *“Connecting Students to Literacy”*

*Timothy Castanza, Executive Director*

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October 14, 2020

Schall & Ashenfarb, CPA's, LLC

307 Fifth Avenue, 15<sup>th</sup> Floor

New York, NY 10016

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

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

We confirm, to the best of our knowledge and belief, as of October 14, 2020, the following representations made to you during your audit.

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 7, 2018, including our responsibility for the preparation and fair presentation of the financial statements, in accordance with US GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.



## *“Connecting Students to Literacy”*

*Timothy Castanza, Executive Director*

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5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. This specifically includes the methodology for the statement of functional expenses.
6. There have been no related party relationships or transactions that are required to be accounted for or disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. There were no uncorrected misstatements that are material, both individually and in the aggregate, to the financial statements as a whole
9. There were no known actual or possible litigation, claims, and assessments required to be accounted for and disclosed in accordance with U.S. GAAP.
10. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. There were no guarantees, either written or oral, under which the organization is contingently liable, that are required to be recorded or disclosed in accordance with U.S. GAAP.

### **Non Attest Services**

In regard to the non-attest services provided by you, we have:

1. Assumed all management responsibilities.
2. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
3. Evaluated the adequacy and results of the services performed.
4. Accepted responsibility for the results of the services.

As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

### **Information Provided**

1. We have provided you with:

715 Ocean Terrace-Building E—Staten Island, New York 10301  
718.274.3437



## *“Connecting Students to Literacy”*

*Timothy Castanza, Executive Director*

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- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
  3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  4. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
    - a) Management,
    - b) Employees who have significant roles in internal control, or
    - c) Others where the fraud could have a material effect on the financial statements.
  5. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization’s financial statements communicated by employees, former employees, grantors, regulators, or others.
  6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
  7. We are not aware of any pending or threatening litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
  8. We have disclosed to you the identity of the organization’s related parties and all the related party relationships and transactions of which we are aware.
  9. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
  10. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

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718.274.3437





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*Timothy Castanza, Executive Director*

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11. We have evaluated subsequent events through the report date including events related to the coronavirus disease 2019 (COVID-19) pandemic. We have concluded that there are no adjustments needed to the financial statements. The estimated potential future impact cannot be determined.
12. We have no plans or intentions to discontinue the operations of any program or discontinue any significant services or activities.
13. Bridge Preparatory Charter School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the organization’s tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you and appropriately reported. All required filings with tax authorities are up-to-date.
14. There have been no instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance
15. There have been no instances that have occurred, or are likely to have occurred, of noncompliance with provision of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
16. There have been no instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

A handwritten signature in black ink, appearing to be "TC", written over a horizontal line.

Timothy Castanza, Executive Director

A handwritten signature in black ink, appearing to be "JM", written over a horizontal line.

Josh Moreau, Financial Consultant

## Observations and Recommendations

To Management of  
Bridge Preparatory Charter School (the "School")

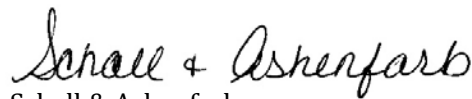
As a result of the audit for the period from inception through June 30, 2020, we want to provide you with the following recommendation to help strengthen internal controls:

### Debit Card Usage

During our audit, we noted that there were purchases that were made using the debit card. These purchases are instantly transferred out of the School's bank account and the person charging the expense is essentially simultaneously authorizing the payments at the same time they are disbursed. We recommend that credit cards be used rather than debit cards as it restricts the timing of the disbursement until after it has had a chance to be reviewed by another within the School.

Management has linked the debit card to a separate checking account, which enables the accounting team to control the funds available for debit card purchases at any given time. If the School continues to use the debit card, we recommend establishing a policy for how much should be held in this checking account.

This report is intended solely for the information and use of the audit and finance committee, the board of directors and management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

October 14, 2020



## Annual Financial Statement Audit Report

<b>School Name:</b>	<b>Bridge Prep Charter School</b>
<b>Date (Report is due Nov. 1):</b>	November 1, 2020
<b>Primary District of Location (If NYC select NYC DOE):</b>	New York City Department of Education
<b>If located in NYC DOE select CSD:</b>	NYCSD #31
<b>School Fiscal Contact Name:</b>	Josh Moreau, boostEd Finance
<b>School Fiscal Contact Email:</b>	[REDACTED]
<b>School Fiscal Contact Phone:</b>	[REDACTED]
<b>School Audit Firm Name:</b>	Schall & Ashenfarb, CPA's, LLC
<b>School Audit Contact Name:</b>	Joe Albano
<b>School Audit Contact Email:</b>	[REDACTED]
<b>School Audit Contact Phone:</b>	[REDACTED]
<b>Audit Period:</b>	2019-20
<b>Prior Year:</b>	-

**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	N/A
Management Letter Response	N/A
Form 990	On Extension
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

**Bridge Prep Charter School**  
**Statement of Financial Position**  
**as of June 30**

	<u>2020</u>	<u>-</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 708,961	\$ -
Grants and contracts receivable	260,183	-
Accounts receivables	-	-
Prepaid Expenses	-	-
Contributions and other receivables	-	-
Other current assets	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>969,144</b>	<b>-</b>
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Building and Equipment, net	\$ 148,510	\$ -
Restricted Cash	20,113	-
Security Deposits	-	-
Other Non-Current Assets	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>168,623</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b><u>1,137,767</u></b>	<b><u>-</u></b>
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 272,087	\$ -
Accrued payroll, payroll taxes and benefits	-	-
Current Portion of Loan Payable	-	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	-
Other Current Liabilities	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>272,087</b>	<b>-</b>
<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	136,000	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>136,000</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b><u>408,087</u></b>	<b><u>-</u></b>
<b><u>NET ASSETS</u></b>		
Unrestricted	\$ 729,680	\$ -
Temporarily restricted	-	-
Permanently restricted	-	-
<b>TOTAL NET ASSETS</b>	<b><u>729,680</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>1,137,767</u></b>	<b><u>-</u></b>

**Bridge Prep Charter School**  
**Statement of Activities**  
**as of June 30**

	2020			-
	Unrestricted	Temporarily Restricted	Total	Total
<b>OPERATING REVENUE</b>				
State and Local Per Pupil Revenue - Reg. Ed	\$ 1,369,326	\$ -	\$ 1,369,326	\$ -
State and Local Per Pupil Revenue - SPED	777,488	-	777,488	-
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	882,677	-	882,677	-
State and City Grants	-	-	-	-
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	-	-	-	-
<b>TOTAL OPERATING REVENUE</b>	<b>3,029,491</b>	<b>-</b>	<b>3,029,491</b>	<b>-</b>
<b>EXPENSES</b>				
Program Services				
Regular Education	\$ 782,584	\$ -	\$ 782,584	\$ -
Special Education	1,259,212	-	1,259,212	-
Other Programs	-	-	-	-
Total Program Services	2,041,796	-	2,041,796	-
Management and general	606,384	-	606,384	-
Fundraising	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>2,648,180</b>	<b>-</b>	<b>2,648,180</b>	<b>-</b>
<b>SURPLUS / (DEFICIT) FROM OPERATIONS</b>	<b>381,311</b>	<b>-</b>	<b>381,311</b>	<b>-</b>
<b>SUPPORT AND OTHER REVENUE</b>				
Interest and Other Income	\$ -	\$ -	\$ -	\$ -
Contributions and Grants	345,000	-	345,000	-
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	3,369	-	3,369	-
<b>TOTAL SUPPORT AND OTHER REVENUE</b>	<b>348,369</b>	<b>-</b>	<b>348,369</b>	<b>-</b>
<b>Net Assets Released from Restrictions / Loss on Disposal of Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CHANGE IN NET ASSETS</b>	<b>729,680</b>	<b>-</b>	<b>729,680</b>	<b>-</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>PRIOR YEAR/PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 729,680</b>	<b>\$ -</b>	<b>\$ 729,680</b>	<b>\$ -</b>

**Bridge Prep Charter School  
Statement of Cash Flows**

**as of June 30**

	<u>2020</u>	<u>-</u>
<b>CASH FLOWS - OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 729,680	\$ -
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	33,312	-
Grants Receivable	(260,183)	-
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	272,087	-
Accounts Payable	-	-
Accrued Expenses	-	-
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	-	-
Interest payments	-	-
Restricted Cash	-	-
Security Deposit	-	-
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>\$ 774,896</b>	<b>\$ -</b>
<b>CASH FLOWS - INVESTING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>
Purchase of equipment	(181,822)	-
Other	-	-
<b>NET CASH PROVIDED FROM INVESTING ACTIVITIES</b>	<b>\$ (181,822)</b>	<b>\$ -</b>
<b>CASH FLOWS - FINANCING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>
Principal payments on long-term debt	-	-
Other	136,000	-
<b>NET CASH PROVIDED FROM FINANCING ACTIVITIES</b>	<b>\$ 136,000</b>	<b>\$ -</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 729,074</b>	<b>\$ -</b>
Cash at beginning of year	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 729,074</b>	<b>\$ -</b>

**Bridge Prep Charter School  
Statement of Functional Expenses  
as of June 30**

		2020										-
No. of Positions	Program Services				Supporting Services							
	Regular	Special	Other Education	Total	Fundraising	Management and	Total	Total				
	Education	Education				General						
Personnel Services Costs												
Administrative Staff Personnel	4.00	178,849	111,781	-	290,630	-	156,493	156,493	447,123	-		
Instructional Personnel	18.00	320,843	652,618	-	973,461	-	-	-	973,461	-		
Non-Instructional Personnel	5.00	-	-	-	-	-	71,711	71,711	71,711	-		
Total Salaries and Staff	27.00	499,693	764,399	-	1,264,091	-	228,204	228,204	1,492,295	-		
Fringe Benefits & Payroll Taxes		11,860	134,306	-	146,166	-	22,486	22,486	168,652	-		
Retirement		5,205	8,412	-	13,618	-	1,351	1,351	14,969	-		
Management Company Fees		-	-	-	-	-	-	-	-	-		
Legal Service		-	-	-	-	-	5,000	5,000	5,000	-		
Accounting / Audit Services		-	-	-	-	-	90,000	90,000	90,000	-		
Other Purchased / Professional / Consulting Services		-	-	-	-	-	226,899	226,899	226,899	-		
Building and Land Rent / Lease		-	-	-	-	-	-	-	-	-		
Repairs & Maintenance		-	-	-	-	-	-	-	-	-		
Insurance		8,668	13,259	-	21,927	-	3,958	3,958	25,885	-		
Utilities		-	-	-	-	-	-	-	-	-		
Supplies / Materials		79,576	183,386	-	262,962	-	6,442	6,442	269,404	-		
Equipment / Furnishings		4,006	6,128	-	10,134	-	1,829	1,829	11,963	-		
Staff Development		63,062	96,869	-	159,931	-	20,976	20,976	180,907	-		
Marketing / Recruitment		1,212	1,854	-	3,066	-	56,517	56,517	59,583	-		
Technology		14,119	21,598	-	35,717	-	6,448	6,448	42,165	-		
Food Service		-	-	-	-	-	-	-	-	-		
Student Services		-	-	-	-	-	-	-	-	-		
Office Expense		7,519	11,503	-	19,022	-	3,434	3,434	22,456	-		
Depreciation		11,154	17,063	-	28,217	-	5,095	5,095	33,312	-		
OTHER		280	435	-	715	-	3,975	3,975	4,690	-		
<b>Total Expenses</b>		<b>\$ 706,354</b>	<b>\$ 1,259,212</b>	<b>\$ -</b>	<b>\$ 1,965,566</b>	<b>\$ -</b>	<b>\$ 682,614</b>	<b>\$ 682,614</b>	<b>\$ 2,648,180</b>	<b>\$ -</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 accommodate additional districts if necessary.
5	The Assumptions column should be completed for all revenue and expense items unless the item is self-explanatory. Where applicable, please reference the page number or section in the application narrative that indicates the assumption being made. For instance, student enrollment would reference the applicable page number in Section I, C of the application narrative.



**Bridge Preparatory Charter School**

**PROJECTED BUDGET FOR 2020-2021**

**July 1, 2020 to June 30, 2021**

Assumptions

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	2,350,601	1,070,612	-	-	-	3,421,213
Total Expenses	1,139,336	1,415,368	-	22,030	492,757	3,069,491
Net Income	1,211,265	(344,756)	-	(22,030)	(492,757)	351,722
Actual Student Enrollment	69	75				-
Total Paid Student Enrollment	69	75				144

**PROGRAM SERVICES**

**SUPPORT SERVICES**

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
----------------------	----------------------	-------	-------------	-------------------------	-------

**REVENUE**

**REVENUES FROM STATE SOURCES**

Per Pupil Revenue

CY Per Pupil Rate

**NYCDOE**

\$16,123.00

- School District 2 (Enter Name)
- School District 3 (Enter Name)
- School District 4 (Enter Name)
- School District 5 (Enter Name)

2,321,712	-	-	-	-	2,321,712
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,321,712	-	-	-	-	2,321,712

Budget is based on enrollment of 144, but the capacity for FY21 is 148

Special Education Revenue

-	977,229	-	-	-	977,229
---	---------	---	---	---	---------

52% of students received the additional SPED subsidy in FY20

Grants

Stimulus

Other

Other State Revenue

-	-	-	-	-	-
-	-	-	-	-	-

**TOTAL REVENUE FROM STATE SOURCES**

2,321,712	977,229	-	-	-	3,298,941
-----------	---------	---	---	---	-----------

**REVENUE FROM FEDERAL FUNDING**

IDEA Special Needs

-	62,087	-	-	-	62,087
---	--------	---	---	---	--------

Title I

11,916	12,909	-	-	-	24,825
--------	--------	---	---	---	--------

Based on initial allocation

Title Funding - Other

2,307	2,500	-	-	-	4,807
-------	-------	---	---	---	-------

School Food Service (Free Lunch)

-	-	-	-	-	-
---	---	---	---	---	---

Grants

Charter School Program (CSP) Planning & Implementation

-	-	-	-	-	-
---	---	---	---	---	---

Other

-	-	-	-	-	-
---	---	---	---	---	---

Other Federal Revenue

-	-	-	-	-	-
---	---	---	---	---	---

**TOTAL REVENUE FROM FEDERAL SOURCES**

14,223	77,496	-	-	-	91,719
--------	--------	---	---	---	--------

**LOCAL and OTHER REVENUE**

Contributions and Donations, Fundraising

-	-	-	-	-	-
---	---	---	---	---	---

Erate Reimbursement

9,120	9,880	-	-	-	19,000
-------	-------	---	---	---	--------

Interest Income, Earnings on Investments,

-	-	-	-	-	-
---	---	---	---	---	---

NYC-DYCD (Department of Youth and Community Developmt.)

-	-	-	-	-	-
---	---	---	---	---	---

Food Service (Income from meals)

-	-	-	-	-	-
---	---	---	---	---	---

Text Book

5,545	6,008	-	-	-	11,553
-------	-------	---	---	---	--------

Other Local Revenue

-	-	-	-	-	-
---	---	---	---	---	---

**TOTAL REVENUE FROM LOCAL and OTHER SOURCES**

14,665	15,888	-	-	-	30,553
--------	--------	---	---	---	--------

**TOTAL REVENUE**

2,350,601	1,070,612	-	-	-	3,421,213
-----------	-----------	---	---	---	-----------

List exact titles and staff FTE"s ( Full time equiulvalent)

**EXPENSES**

**ADMINISTRATIVE STAFF PERSONNEL COSTS**

No. of Positions

Executive Management

1.00

44,400	44,400	-	14,800	44,400	148,000
--------	--------	---	--------	--------	---------

Estimated time spent: GEN (30%), SPED (30%), FUND (10%), M/G (30%)

Instructional Management

1.00

50,880	55,120	-	-	-	106,000
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Deans, Directors & Coordinators

1.00

-	77,000	-	-	-	77,000
---	--------	---	---	---	--------

CFO / Director of Finance

-

-	-	-	-	-	-
---	---	---	---	---	---

Operation / Business Manager

1.00

-	-	-	-	96,000	96,000
---	---	---	---	--------	--------

Administrative Staff

1.00

-	-	-	-	53,000	53,000
---	---	---	---	--------	--------

**TOTAL ADMINISTRATIVE STAFF**

5

95,280	176,520	-	14,800	193,400	480,000
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**INSTRUCTIONAL PERSONNEL COSTS**

Teachers - Regular

12.00

371,324	402,267	-	-	-	773,591
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Teachers - SPED

-

-	-	-	-	-	-
---	---	---	---	---	---

Substitute Teachers

-

-	-	-	-	-	-
---	---	---	---	---	---

Teaching Assistants

6.00

110,880	165,120	-	-	-	276,000
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5 Associates allocated like Teachers, 1 Associate is exclusivelt SETTS

Specialty Teachers

1.00

8,160	8,840	-	-	-	17,000
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Physical Education



**Bridge Preparatory Charter School**

**PROJECTED BUDGET FOR 2020-2021**

**July 1, 2020 to June 30, 2021**

Assumptions

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	2,350,601	1,070,612	-	-	-	3,421,213
Total Expenses	1,139,336	1,415,368	-	22,030	492,757	3,069,491
Net Income	1,211,265	(344,756)	-	(22,030)	(492,757)	351,722
Actual Student Enrollment	69	75	-	-	-	-
Total Paid Student Enrollment	69	75	-	-	-	144

		PROGRAM SERVICES			SUPPORT SERVICES		TOTAL	
		REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL		
Aides	6.00	36,864	39,936	-	-	-	76,800	
Therapists & Counselors	2.00	62,542	67,754	-	-	-	130,296	2 Social Workers
Other	-	2,650	2,870	-	-	-	5,520	After-school program
<b>TOTAL INSTRUCTIONAL</b>	<b>27</b>	<b>592,419</b>	<b>686,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,279,207</b>	
<b>NON-INSTRUCTIONAL PERSONNEL COSTS</b>								
Nurse	-	-	-	-	-	-	-	
Librarian	-	-	-	-	-	-	-	
Custodian	-	-	-	-	-	-	-	
Security	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
<b>TOTAL NON-INSTRUCTIONAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>SUBTOTAL PERSONNEL SERVICE COSTS</b>	<b>32</b>	<b>687,699</b>	<b>863,308</b>	<b>-</b>	<b>14,800</b>	<b>193,400</b>	<b>1,759,207</b>	
<b>PAYROLL TAXES AND BENEFITS</b>								
Payroll Taxes	-	59,830	75,108	-	1,288	16,826	153,051	8.7% of salaries
Fringe / Employee Benefits	-	118,500	148,760	-	2,550	33,326	303,136	
Retirement / Pension	-	10,164	12,759	-	219	2,858	26,000	
<b>TOTAL PAYROLL TAXES AND BENEFITS</b>	<b>-</b>	<b>188,494</b>	<b>236,627</b>	<b>-</b>	<b>4,057</b>	<b>53,010</b>	<b>482,187</b>	
<b>TOTAL PERSONNEL SERVICE COSTS</b>	<b>-</b>	<b>876,193</b>	<b>1,099,935</b>	<b>-</b>	<b>18,857</b>	<b>246,410</b>	<b>2,241,394</b>	
<b>CONTRACTED SERVICES</b>								
Accounting / Audit	-	-	-	-	-	91,250	91,250	BoostEd + audit
Legal	-	-	-	-	-	10,000	10,000	
Management Company Fee	-	-	-	-	-	-	-	
Nurse Services	-	-	-	-	-	-	-	
Food Service / School Lunch	-	-	-	-	-	-	-	
Payroll Services	-	5,082	6,380	-	109	1,429	13,000	
Special Ed Services	-	-	5,000	-	-	-	5,000	
Titlment Services (i.e. Title I)	-	-	-	-	-	7,500	7,500	Title I consultant
Other Purchased / Professional / Consulting	-	59,564	67,755	-	404	5,277	133,000	LittleBird HR services (\$38K) + \$4K/each for Curr Spec/Exec Leadership, Arts Program (\$79K - Sundog)
<b>TOTAL CONTRACTED SERVICES</b>	<b>-</b>	<b>64,646</b>	<b>79,135</b>	<b>-</b>	<b>513</b>	<b>115,456</b>	<b>259,750</b>	
<b>SCHOOL OPERATIONS</b>								
Board Expenses	-	-	-	-	-	7,500	7,500	
Classroom / Teaching Supplies & Materials	-	15,360	16,640	-	-	-	32,000	
Special Ed Supplies & Materials	-	-	-	-	-	-	-	
Textbooks / Workbooks	-	19,945	21,608	-	-	-	41,553	
Supplies & Materials other	-	-	-	-	-	-	-	
Equipment / Furniture	-	-	-	-	-	3,000	3,000	
Telephone	-	7,036	8,833	-	151	1,979	18,000	
Technology	-	21,563	27,069	-	464	6,064	55,160	Edit Tech IT support (\$20,160)
Student Testing & Assessment	-	8,160	8,840	-	-	-	17,000	
Field Trips	-	3,840	4,160	-	-	-	8,000	
Transportation (student)	-	-	-	-	-	-	-	
Student Services - other	-	11,280	12,220	-	-	-	23,500	Parent engagement, uniforms, staff appreciation
Office Expense	-	-	-	-	-	32,000	32,000	
Staff Development	-	80,919	101,583	-	1,741	22,757	207,000	
Staff Recruitment	-	1,920	2,080	-	-	-	4,000	
Student Recruitment / Marketing	-	9,600	10,400	-	-	-	20,000	
School Meals / Lunch	-	2,400	2,600	-	-	-	5,000	
Travel (Staff)	-	-	-	-	-	-	-	
Fundraising	-	-	-	-	-	-	-	
Other	-	2,400	2,600	-	-	7,394	12,394	Interest on PPP loan, assumed to be paid back and not forgiven
<b>TOTAL SCHOOL OPERATIONS</b>	<b>-</b>	<b>184,424</b>	<b>218,632</b>	<b>-</b>	<b>2,357</b>	<b>80,694</b>	<b>486,107</b>	

**Bridge Preparatory Charter School**

**PROJECTED BUDGET FOR 2020-2021**

**July 1, 2020 to June 30, 2021**

Assumptions

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.

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Net Income	1,211,265	(344,756)	-	(22,030)	(492,757)	351,722
Actual Student Enrollment	69	75				-
Total Paid Student Enrollment	69	75				144

**PROGRAM SERVICES**

**SUPPORT SERVICES**

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
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**FACILITY OPERATION & MAINTENANCE**

Insurance	14,073	17,667	-	303	3,958	36,000
Janitorial	-	-	-	-	-	-
Building and Land Rent / Lease	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	5,000	5,000
Equipment / Furniture	-	-	-	-	5,000	5,000
Security	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
<b>TOTAL FACILITY OPERATION &amp; MAINTENANCE</b>	<b>14,073</b>	<b>17,667</b>	<b>-</b>	<b>303</b>	<b>13,958</b>	<b>46,000</b>

**DEPRECIATION & AMORTIZATION**

	-	-	-	-	36,240	36,240
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**DISSOLUTION ESCROW & RESERVES / CONTIGENCY**

	-	-	-	-	-	-
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**TOTAL EXPENSES**

	1,139,336	1,415,368	-	22,030	492,757	3,069,491
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**NET INCOME**

	1,211,265	(344,756)	-	(22,030)	(492,757)	351,722
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**ENROLLMENT - \*School Districts Are Linked To Above Entries\***

	REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED
NYCDOE	69	75	144
School District 2 (Enter Name)			-
School District 3 (Enter Name)			-
School District 4 (Enter Name)			-
School District 5 (Enter Name)			-
<b>TOTAL ENROLLMENT</b>	<b>69</b>	<b>75</b>	<b>144</b>
<b>REVENUE PER PUPIL</b>	<b>34,067</b>	<b>14,275</b>	<b>-</b>
<b>EXPENSES PER PUPIL</b>	<b>16,512</b>	<b>18,872</b>	<b>-</b>



**SIGNATURE BANK**  
 565 Fifth Avenue, 12<sup>th</sup> Floor  
 New York, NY 10017

Statement Period  
 From June 01, 2020  
 To June 30, 2020  
 Page 1 of 2

PRIVATE CLIENT GROUP 181  
 565 FIFTH AVENUE  
 NEW YORK, NY 10017

BRIDGE PREPARATORY CHARTER SCHOOL 8-181  
 ESCROW DISSOLUTION ACCOUNT  
 715 OCEAN TER  
 STATEN ISLAND NY 10301

See Back for Important Information

Primary Account: 1503481479 0

EFFECTIVE JULY 1, 2020, SIGNATURE BANK'S FUNDS AVAILABILITY DISCLOSURE WILL BE REVISED AS FOLLOWS:  
 THE AMOUNT AVAILABLE FOR WITHDRAWAL FROM CHECK DEPOSITS NOT SUBJECT TO NEXT DAY AVAILABILITY WILL INCREASE FROM 200 DOLLARS TO 225 DOLLARS ON THE FIRST BUSINESS DAY AFTER THE DAY OF DEPOSIT AND THE AMOUNT AVAILABLE FOR CASH WITHDRAWAL ON THE SECOND BUSINESS DAY WILL INCREASE FROM 400 DOLLARS TO 450 DOLLARS.

ON OR BEFORE JULY 1, 2020, THE REVISED DISCLOSURE WILL BE AVAILABLE AS A PDF FILE ON THE "AGREEMENTS AND DISCLOSURES" PAGE UNDER 'ABOUT US' AS THE "ADDENDUM TO THE BUSINESS ACCOUNT AGREEMENTS AND DISCLOSURES EFFECTIVE JULY 1, 2020" AT WWW.SIGNATURENY.COM OR BY CONTACTING YOUR PRIVATE CLIENT GROUP.

Signature Relationship Summary		Opening Bal.	Closing Bal.
BANK DEPOSIT ACCOUNTS			
	MONOGRAM INSURED MMA	20,105.56	20,113.00
RELATIONSHIP	TOTAL		20,113.00



Statement Period
From June 01, 2020
To June 30, 2020
Page 2 of 2

PRIVATE CLIENT GROUP 181
565 FIFTH AVENUE
NEW YORK, NY 10017

BRIDGE PREPARATORY CHARTER SCHOOL 8-181
ESCROW DISSOLUTION ACCOUNT
715 OCEAN TER
STATEN ISLAND NY 10301

See Back for Important Information

Primary Account: [REDACTED] 0

MONOGRAM INSURED MMA [REDACTED]

Summary

Previous Balance as of June 01, 2020 20,105.56
1 Credits 7.44
Ending Balance as of June 30, 2020 20,113.00

Deposits and Other Credits

Jun 30 Interest Paid 7.44

Daily Balances

May 31 20,105.56 Jun 30 20,113.00

\*===== Interest Summary =====\*
\* Year-To-Date Interest 67.69 \*
\* Interest Paid This Period 7.44 Annual Percentage Yield Earned 0.45 % \*
\* Avg. Balance this Period 20,105.56 Days in Period 30 \*
\*=====\*