
BRONX CHARTER SCHOOL FOR THE ARTS

Financial Statements

For the years ended June 30, 2020 and 2019

BRONX CHARTER SCHOOL FOR THE ARTS

Financial Statements

June 30, 2020 and 2019

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Independent Auditors' Report

To the Board of Trustees of
Bronx Charter School for the Arts

Report on the financial statements

We have audited the accompanying financial statements of Bronx Charter School for the Arts, 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.

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.

Auditors' 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 audit 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 Bronx Charter School for the Arts as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter

The financial statements of Bronx Charter School for the Arts, as of and for the year ended June 30, 2019, were audited by other auditors whose report dated October 28, 2019 expressed an unmodified opinion on those statements.

Other reporting required by government auditing standards

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2020, on our consideration of Bronx Charter School for the Arts' 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 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 Bronx Charter School for the Arts' internal control over financial reporting and compliance.



New York, New York
October 19, 2020

Bronx Charter School for the Arts
Statements of Financial Position
June 30,

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ 3,237,497	\$ 1,950,238
Grants receivable	444,127	149,157
Prepaid expenses and other current assets	-	37,647
Property and equipment, net	547,859	401,198
Security deposit	170,000	170,000
Security deposit - capital expense reserve account	75,626	50,776
Total assets	<u>\$ 4,475,109</u>	<u>\$ 2,759,016</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 207,761	\$ 327,935
Accrued salaries and other payroll related expenses	522,824	433,031
Deferred lease credit	128,570	160,713
Deferred rent	410,952	457,738
Loan payable - SBA payroll protection program	1,335,784	-
Total liabilities	<u>2,605,891</u>	<u>1,379,417</u>
Net Assets		
Net assets without donor restrictions		
Board designated	425,000	425,000
Other	1,424,218	804,599
Net assets with donor restriction	<u>20,000</u>	<u>150,000</u>
Total net assets	<u>1,869,218</u>	<u>1,379,599</u>
Total liabilities and net assets	<u>\$ 4,475,109</u>	<u>\$ 2,759,016</u>

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

Bronx Charter School for the Arts
Statements of Activities
For the years ended June 30,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue, Gains and Other Support</u>						
General education	\$ 8,261,130	\$ -	\$ 8,261,130	\$ 6,504,312	\$ -	\$ 6,504,312
Special education	1,504,560	-	1,504,560	1,359,620	-	1,359,620
Federal title and stimulus income	584,913	-	584,913	523,032	-	523,032
State income	100,260	-	100,260	198,819	-	198,819
School food reimbursement	183,487	-	183,487	285,130	-	285,130
Contributions	356,868	20,000	376,868	313,002	150,000	463,002
Interest income	3,231	-	3,231	4,005	-	4,005
Other income	20,634	-	20,634	25,955	-	25,955
Net assets released from restrictions	150,000	(150,000)	-	325,000	(325,000)	-
Total revenue, gains and other support	11,165,083	(130,000)	11,035,083	9,538,875	(175,000)	9,363,875
<u>Expenses</u>						
<u>Program expenses</u>						
Regular education	6,560,594	-	6,560,594	5,461,264	-	5,461,264
Special education	2,691,950	-	2,691,950	2,385,020	-	2,385,020
Total program expenses	9,252,544	-	9,252,544	7,846,284	-	7,846,284
<u>Supporting services</u>						
Management and general	1,137,813	-	1,137,813	1,012,602	-	1,012,602
Fundraising	155,107	-	155,107	254,620	-	254,620
Total supporting services expenses	1,292,920	-	1,292,920	1,267,222	-	1,267,222
Total program and supporting services expenses	10,545,464	-	10,545,464	9,113,506	-	9,113,506
Change in net assets	619,619	(130,000)	489,619	425,369	(175,000)	250,369
Net assets - beginning of year	1,229,599	150,000	1,379,599	804,230	325,000	1,129,230
Net assets - end of year	\$ 1,849,218	\$ 20,000	\$ 1,869,218	\$ 1,229,599	\$ 150,000	\$ 1,379,599

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

Bronx Charter School for the Arts
Statement of Functional Expenses
For the year ended June 30, 2020

	Program Services			Supporting Services		Total Program and Supporting Services
	Regular Education	Special Education	Total Programs	Management and General	Fund-raising	
Personnel services costs						
Administrative staff personnel	\$ 1,091,249	\$ 484,445	\$ 1,575,694	\$ 532,828	\$ 57,505	\$ 2,166,027
Instructional personnel	2,926,830	1,079,754	4,006,584	-	-	4,006,584
Non-instructional personnel	37,944	9,486	47,430	47,431	-	94,861
Total personnel services costs	<u>4,056,023</u>	<u>1,573,685</u>	<u>5,629,708</u>	<u>580,259</u>	<u>57,505</u>	<u>6,267,472</u>
Operating expenses						
Fringe benefits and payroll taxes	998,966	387,586	1,386,552	142,913	14,163	1,543,628
Professional fees	271,915	139,471	411,386	142,345	6,634	560,365
Rent	423,549	164,332	587,881	60,593	6,005	654,479
Repairs and maintenance	113,928	44,203	158,131	16,298	1,615	176,044
Insurance	44,010	17,075	61,085	6,295	624	68,004
Utilities	50,507	19,596	70,103	7,225	716	78,044
Supplies and materials	63,079	36,794	99,873	1,187	118	101,178
Equipment and furnishings	8,630	5,289	13,919	-	-	13,919
Staff development	117,341	71,919	189,260	10,564	-	199,824
Marketing and recruitment	57,633	35,323	92,956	10,329	-	103,285
Technology	12,724	6,090	18,814	1,087	108	20,009
Food service	97,865	59,981	157,846	68,264	-	226,110
Student services	22,800	13,974	36,774	-	-	36,774
Office expense	111,946	68,612	180,558	16,050	4,012	200,620
Indirect benefit expenses	-	-	-	-	62,397	62,397
Depreciation	71,694	27,816	99,510	10,258	1,016	110,784
Other	37,984	20,204	58,188	64,146	194	122,528
Total operating expenses	<u>2,504,571</u>	<u>1,118,265</u>	<u>3,622,836</u>	<u>557,554</u>	<u>97,602</u>	<u>4,277,992</u>
Total expenses	<u>\$ 6,560,594</u>	<u>\$ 2,691,950</u>	<u>\$ 9,252,544</u>	<u>\$ 1,137,813</u>	<u>\$ 155,107</u>	<u>\$ 10,545,464</u>

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

Bronx Charter School for the Arts
Statement of Functional Expenses
For the year ended June 30, 2019

	Program Services			Supporting Services		Total Program and Supporting Services
	Regular Education	Special Education	Total Programs	Management and General	Fund-raising	
Personnel services costs						
Administrative staff personnel	\$ 943,036	\$ 451,903	\$ 1,394,939	\$ 440,224	\$ 139,697	\$ 1,974,860
Instructional personnel	2,341,735	921,783	3,263,518	-	-	3,263,518
Non-instructional personnel	60,203	15,051	75,254	49,060	-	124,314
Total personnel services costs	<u>3,344,974</u>	<u>1,388,737</u>	<u>4,733,711</u>	<u>489,284</u>	<u>139,697</u>	<u>5,362,692</u>
Operating expenses						
Fringe benefits and payroll taxes	788,379	327,312	1,115,691	115,320	32,925	1,263,936
Professional fees	192,499	101,484	293,983	182,408	14,776	491,167
Rent	404,460	167,920	572,380	59,162	16,892	648,434
Repairs and maintenance	54,206	22,505	76,711	9,580	2,264	88,555
Insurance	32,364	13,436	45,800	4,734	1,352	51,886
Utilities	62,732	26,044	88,776	9,176	2,620	100,572
Supplies and materials	68,510	40,679	109,189	970	277	110,436
Equipment and furnishings	11,625	7,125	18,750	-	-	18,750
Staff development	67,151	41,157	108,308	38,409	-	146,717
Marketing and recruitment	37,689	23,099	60,788	6,754	-	67,542
Technology	31,819	14,316	46,135	3,837	1,095	51,067
Food service	144,273	88,425	232,698	47,904	-	280,602
Student services	70,976	43,500	114,476	-	-	114,476
Office expense	86,410	52,961	139,371	12,389	3,097	154,857
Indirect benefit expenses	-	-	-	-	37,004	37,004
Depreciation	51,805	21,508	73,313	7,578	2,163	83,054
Other	11,392	4,812	16,204	25,097	458	41,759
Total operating expenses	<u>2,116,290</u>	<u>996,283</u>	<u>3,112,573</u>	<u>523,318</u>	<u>114,923</u>	<u>3,750,814</u>
Total expenses	<u>\$ 5,461,264</u>	<u>\$ 2,385,020</u>	<u>\$ 7,846,284</u>	<u>\$ 1,012,602</u>	<u>\$ 254,620</u>	<u>\$ 9,113,506</u>

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

Bronx Charter School for the Arts
Statements of Cash Flows
For the years ended June 30,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 489,619	\$ 250,369
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	110,784	83,054
Bad debt	10,174	-
Deferred rent	(46,786)	(25,701)
Deferred lease credit	(32,143)	(32,143)
Changes in operating assets and liabilities		
Grants receivable	(305,144)	138,604
Prepaid expenses	37,647	25,352
Security deposit - capital expense reserve account	(24,850)	1,502
Accounts payable and accrued expenses	(120,174)	168,738
Accrued salaries and other payroll-related benefits	89,793	92,653
	<u>208,920</u>	<u>702,428</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(257,445)</u>	<u>(319,481)</u>
Net cash used in investing activities	<u>(257,445)</u>	<u>(319,481)</u>
Cash flows from financing activities		
Proceeds from loan payable	<u>1,335,784</u>	<u>-</u>
Net cash provided by financing activities	<u>1,335,784</u>	<u>-</u>
Net change in cash	1,287,259	382,947
Cash - beginning of year	<u>1,950,238</u>	<u>1,567,291</u>
Cash - end of year	<u><u>\$ 3,237,497</u></u>	<u><u>\$ 1,950,238</u></u>

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

Bronx Charter School for the Arts
Notes to the Financial Statements
June 30, 2020 and 2019

Note 1 Organization

Bronx Charter School for the Arts ("BCSA") is an education not-for-profit institution formed to operate a charter school in accordance with an agreement with the Board of Regents of the University of the State of New York under a provisional charter valid until June 30, 2024.

BCSA is a public elementary school that opened in the South Bronx in September 2003. The school is founded on the principle that art education is a catalyst for the academic and social success of all students. BCSA began with 160 students in grades K-3 during the school year beginning September 2003, and has grown to serve approximately 300 students in grades K-5. The Bronx Arts Middle School opened in August 2018 with 6th grade students in the Soundview section of the Bronx, a ten-minute walk from the BCSA elementary school. BCSA added grade 7 during the year ended June 30, 2020.

Note 2 Summary of significant accounting policies

Basis of presentation and use of estimates. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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.

Financial statements presentation. The financial statements of BCSA have been prepared in accordance with U.S. GAAP, which require BCSA to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of BCSA. These net assets may be used at the discretion of BCSA's management and the Board of Trustees.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BCSA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash. BCSA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. BCSA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Bronx Charter School for the Arts
Notes to the Financial Statements
June 30, 2020 and 2019

Note 2 Summary of significant accounting policies - (continued)

Grants receivable. Grants receivable are recorded at net realizable value. The allowance for doubtful accounts is BCSA's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Grants receivable amounted to \$444,127 and \$149,157 as of June 30, 2020 and 2019, respectively. There are no allowances recorded at June 30, 2020 and 2019, as management believes all amounts are collectable.

Property, plant and equipment. Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

Revenue recognition. BCSA recognizes revenue from the state and local governments based on BCSA's charter status and the number of students enrolled. Such revenue is recorded when services are performed, in accordance with the charter agreement. The New York State Education Department mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Part of BCSA's grants and contracts revenue is recognized when qualifying expenditures are incurred and/or services are provided to the students during the applicable school year. Funds received in advance, or any unspent funds for which qualifying expenditures have not been incurred, are recorded as refundable advances. Any unspent amounts usually are returned to the granting agency. However, the granting agency can approve that those amounts be applied to a future grant period.

Contributions are recognized when the donor makes a promise to give to BCSA, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Income taxes. BCSA is tax-exempt under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and has been classified as a publicly supported organization as described in IRC sections 509(A)(1) and 170(B)(1)(A)(II).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if BCSA has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that, as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the financial statement.

Bronx Charter School for the Arts
Notes to the Financial Statements
June 30, 2020 and 2019

Note 2 Summary of significant accounting policies - (continued)

BCSA is no longer subject to income tax examination by federal, state, or local tax authorities for years before June 30, 2017.

Functional allocation of expenses. The financial statements report certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses, including personnel services costs, fringe benefits and payroll taxes, professional fees and rent, are allocated on the basis of time and effort.

Rent expense. BCSA records rent expense associated with its facility on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements. The deferred lease credit is credited towards rent expense over the life of the lease.

Reclassification. Certain prior year information was reclassified to conform to the current year presentation.

Recently adopted accounting pronouncements. In November 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires restricted cash to be included within cash and cash equivalents when explaining the total change in cash for the period within the statement of cash flows. The standard requires retrospective application and represents a change in accounting principal. The adoption of this ASU has no effect on the statement of cash flows.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional or unconditional. BCSA implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Bronx Charter School for the Arts
Notes to the Financial Statements
June 30, 2020 and 2019

Note 3 Liquidity and availability

BCSA operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. BCSA considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those activities.

BCSA regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in interest-bearing accounts.

BCSA's financial assets as of June 30, 2020 are available within one year to meet cash needs for general expenditures are summarized as follows:

Cash	\$ 3,237,497
Grants receivable	444,127
	<u>3,681,624</u>
Less: net assets with donor restrictions	(20,000)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,661,624</u>

In addition to these financial assets available within one year, BCSA's board designated fund could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

Note 4 Property, plant and equipment

Property, plant and equipment consist of the following at June 30,:

	<u>2020</u>	<u>2019</u>	<u>Life</u>
Computer equipment	\$ 341,723	\$ 265,927	5 years
Furniture and other office equipment	499,695	390,370	7 years
Leasehold improvements	413,975	358,912	5-15 years
Teaching materials	55,298	55,298	3 years
Musical instruments	57,079	39,818	5 years
Total property and equipment	<u>1,367,770</u>	<u>1,110,325</u>	
Less: accumulated depreciation	<u>(819,911)</u>	<u>(709,127)</u>	
Property and equipment, net	<u>\$ 547,859</u>	<u>\$ 401,198</u>	

Bronx Charter School for the Arts
Notes to the Financial Statements
June 30, 2020 and 2019

Note 5 Accrued salaries and other payroll-related expenses

Accrued payroll and benefits consist of amounts due to staff for payroll earned during the school year but paid over the summer months. As of June 30, 2020 and 2019, total accrued salaries and other payroll-related expenses amounted to \$522,824 and \$433,031, respectively.

Note 6 Loan payable – SBA payroll protection program

On May 6, 2020, BCSA received a Paycheck Protection Program (“PPP”) loan in the amount of \$1,335,784 under the Coronavirus Aid, Relief, and Economic Security Act. The PPP loan bears interest at 1% per annum and will mature on May 1, 2022. The PPP loan and accrued interest allow for forgiveness based on the bank’s evaluation of BCSA’s use of such proceeds. The balance of the PPP loan at June 30, 2020 was \$1,335,784.

Note 7 Net assets

Board designated. BCSA established a board designated fund to promote its long-term financial stability.

Net assets with donor restrictions. Net assets with donor restrictions are restricted to future programs and periods and are related to the Arts Middle School project. Net assets with donor restrictions were \$20,000 and \$150,000 as of June 30, 2020 and 2019, respectively

Note 8 Conditional promises to give

During the year ended June 30, 2019, BCSA received a \$975,000 grant, of which \$150,000 was recognized as revenue in 2019. The remaining \$825,000 is subject to the achievement of specific milestones specified in the grant agreement and, accordingly, has not been recognized in the accompanying financial statements

Note 9 Lease

BCSA leases the building located at 950-954 Longfellow Avenue, Bronx, NY from Civic Builders (the "Owner") under the terms of a lease amended in July of 2010. The lease expires June 30, 2024, with a ten-year renewal option. The annual fixed rent of \$540,012 increases by 3% cumulatively each year on August 1. In addition, the landlord paid BCSA \$450,000, which was recorded as a deferred lease credit and is credited towards rent expense, over the life of the lease. For the years ended June 30, 2020 and \$2019, rent expense for this lease was \$645,040, and was included in rent on the accompanying statement of functional expenses.

Bronx Charter School for the Arts
Notes to the Financial Statements
June 30, 2020 and 2019

Note 9 Lease - (continued)

As part of the amendment, BCSA is required to fund \$25,000 into a tenant capital expense reserve account, on July 1 of each year. BCSA is entitled to be reimbursed for repairs and replacements pursuant to its lease obligations up to the balance available in the Reserve. The Owner may use proceeds in the account to pay for any repairs and replacements required to be performed by BCSA if BCSA fails to do so. After expiration of the lease, remaining funds in the Reserve will be refunded to BCSA. In the event of default, landlord will keep the funds. At June 30, 2020 and 2019, the balance for tenant capital expense reserve account was \$75,626 and \$50,776, respectively.

Note 10 Concentrations of risk

BCSA received approximately 89% and 84% of its operating revenue, which is subject to specific requirements, from per pupil funding from the New York State Education Department during the year ended June 30, 2020 and 2019, respectively. Additionally, BCSA's grants receivable consists of approximately 84% and 83% from the New York State Education Department as of June 30, 2020 and 2019, respectively.

Note 11 Commitments and contingencies

BCSA participates in a number of federal and state programs. These programs require that the BCSA comply with certain requirements of laws, regulations, contracts, and grant agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on BCSA's financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

Note 12 Potential impact of the pandemic

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. As a result of the pandemic, BCSA will begin the 2020-2021 school year with a combined model that offers parents the option to choose between distance learning or onsite learning. The ultimate effect of COVID-19 on BCSA and its future operations cannot presently be determined.

Bronx Charter School for the Arts
Notes to the Financial Statements
June 30, 2020 and 2019

Note 13 Subsequent events

Management has evaluated subsequent events through October 19, 2020, the date that the financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events have occurred which require disclosure in the financial statements.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees of
Bronx Charter School for the Arts

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 Bronx Charter School for the Arts, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2020.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered Bronx Charter School for the Arts' 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 Bronx Charter School for the Arts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Bronx Charter School for the Arts' internal control.

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

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

Compliance and other matters

As part of obtaining reasonable assurance about whether Bronx Charter School for the Arts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 Bronx Charter School for the Arts' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Bronx Charter School for the Arts' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

New York, New York
October 19, 2020

A handwritten signature in blue ink that reads "NChing LLP". The signature is written in a cursive, slightly slanted style.



Annual Financial Statement Audit Report

School Name:	Bronx Charter School for the Arts
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	New York City Department of Education
If located in NYC DOE select CSD:	NYCSD #8
School Fiscal Contact Name:	Miriam Raccah
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Ncheng LLP
School Audit Contact Name:	Miaoling Lin
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	2018-19

The following items are required to be included:

- 1.) The independent auditor's report on financial statements and notes.
- 2.) Excel template file containing the Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets.
- 3.) Reports on internal controls over financial reporting and on compliance.

The additional items listed below should be included if applicable. Please explain the reason(s) if the items are not included. Examples might include: a written management letter was not issued; the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000; the management letter response will be submitted by the following date (should be no later than 30 days from the submission of the report); etc.

Item	If not included, state the reason(s) below (if not applicable fill in N/A):
Management Letter	N/A
Management Letter Response	N/A
Form 990	On Extension
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

Bronx Charter School for the Arts
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 3,237,497	\$ 1,950,238
Grants and contracts receivable	444,127	149,157
Accounts receivables	-	-
Prepaid Expenses	-	37,647
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>3,681,624</u>	<u>2,137,042</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 547,859	\$ 401,198
Restricted Cash	-	-
Security Deposits	170,000	170,000
Other Non-Current Assets	75,626	50,776
TOTAL NON-CURRENT ASSETS	<u>793,485</u>	<u>621,974</u>
TOTAL ASSETS	<u>4,475,109</u>	<u>2,759,016</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 207,761	\$ 327,935
Accrued payroll, payroll taxes and benefits	522,824	433,031
Current Portion of Loan Payable	-	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	-
Other Current Liabilities	128,570	160,713
TOTAL CURRENT LIABILITIES	<u>859,155</u>	<u>921,679</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ -	\$ -
Deferred Rent	410,952	457,738
Due to Related Party	-	-
Other Long-Term Liabilities	1,335,784	-
TOTAL LONG-TERM LIABILITIES	<u>1,746,736</u>	<u>457,738</u>
TOTAL LIABILITIES	<u>2,605,891</u>	<u>1,379,417</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 1,849,218	\$ 1,229,599
Temporarily restricted	20,000	150,000
Permanently restricted	-	-
TOTAL NET ASSETS	<u>1,869,218</u>	<u>1,379,599</u>
TOTAL LIABILITIES AND NET ASSETS	<u>4,475,109</u>	<u>2,759,016</u>

Bronx Charter School for the Arts
Statement of Activities
as of June 30

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 8,261,130	\$ -	\$ 8,261,130	\$ 6,504,312
State and Local Per Pupil Revenue - SPED	1,504,560	-	1,504,560	1,359,620
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	584,913	-	584,913	523,032
State and City Grants	100,260	-	100,260	198,819
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	183,487	-	183,487	285,130
TOTAL OPERATING REVENUE	10,634,350	-	10,634,350	8,870,913
EXPENSES				
Program Services				
Regular Education	\$ 6,560,594	\$ -	\$ 6,560,594	\$ 5,461,264
Special Education	2,691,950	-	2,691,950	2,385,020
Other Programs	-	-	-	-
Total Program Services	9,252,544	-	9,252,544	7,846,284
Management and general	1,137,813	-	1,137,813	1,012,602
Fundraising	155,107	-	155,107	254,620
TOTAL EXPENSES	10,545,464	-	10,545,464	9,113,506
SURPLUS / (DEFICIT) FROM OPERATIONS	88,886	-	88,886	(242,593)
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ 3,231	\$ -	\$ 3,231	\$ 4,005
Contributions and Grants	356,868	20,000	376,868	463,002
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	20,634	-	20,634	25,955
TOTAL SUPPORT AND OTHER REVENUE	380,733	20,000	400,733	492,962
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ 150,000	\$ (150,000)	\$ -	\$ -
CHANGE IN NET ASSETS	619,619	(130,000)	489,619	250,369
NET ASSETS - BEGINNING OF YEAR	\$ 1,229,599	\$ 150,000	\$ 1,379,599	\$ 1,129,230
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 1,849,218	\$ 20,000	\$ 1,869,218	\$ 1,379,599

**Bronx Charter School for the Arts
Statement of Cash Flows**

as of June 30

	2020	2019
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 489,619	\$ 250,369
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	110,784	83,054
Grants Receivable	(305,144)	138,604
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	37,647	25,352
Accounts Payable	(120,174)	168,738
Accrued Expenses	-	-
Accrued Liabilities	89,793	92,653
Contributions and fund-raising activities	-	-
Miscellaneous sources	(14,676)	1,502
Deferred Revenue	-	-
Interest payments	-	-
Deferred Rent	(46,786)	(25,701)
Deferred Lease Credit	(32,143)	(32,143)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 208,920	\$ 702,428
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	(257,445)	(319,481)
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (257,445)	\$ (319,481)
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	-	-
Other	1,335,784	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 1,335,784	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,287,259	\$ 382,947
Cash at beginning of year	1,950,238	1,567,291
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,237,497	\$ 1,950,238

**Bronx Charter School for the Arts
Statement of Functional Expenses
as of June 30**

		2020							2019	
		Program Services				Supporting Services				
No. of Positions		Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total	Total	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Personnel Services Costs										
Administrative Staff Personnel	27.00	1,091,249	484,445	-	1,575,694	57,505	532,828	590,333	2,166,027	1,974,860
Instructional Personnel	46.00	2,926,830	1,079,754	-	4,006,584	-	-	-	4,006,584	3,263,518
Non-Instructional Personnel	13.00	37,944	9,486	-	47,430	-	47,431	47,431	94,861	124,314
Total Salaries and Staff	86.00	4,056,023	1,573,685	-	5,629,708	57,505	580,259	637,764	6,267,472	5,362,692
Fringe Benefits & Payroll Taxes		998,966	387,586	-	1,386,552	76,560	142,913	219,473	1,606,025	1,300,940
Retirement		-	-	-	-	-	-	-	-	-
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	-	-	-	-
Accounting / Audit Services		-	-	-	-	-	-	-	-	-
Other Purchased / Professional / Consulting Services		271,915	139,471	-	411,386	6,634	142,345	148,979	560,365	491,167
Building and Land Rent / Lease		423,549	164,332	-	587,881	6,005	60,593	66,598	654,479	648,434
Repairs & Maintenance		113,928	44,203	-	158,131	1,615	16,298	17,913	176,044	88,555
Insurance		44,010	17,075	-	61,085	624	6,295	6,919	68,004	51,886
Utilities		50,507	19,596	-	70,103	716	7,225	7,941	78,044	100,572
Supplies / Materials		63,079	36,794	-	99,873	118	1,187	1,305	101,178	110,436
Equipment / Furnishings		8,630	5,289	-	13,919	-	-	-	13,919	18,750
Staff Development		117,341	71,919	-	189,260	-	10,564	10,564	199,824	146,717
Marketing / Recruitment		57,633	35,323	-	92,956	-	10,329	10,329	103,285	67,542
Technology		12,724	6,090	-	18,814	108	1,087	1,195	20,009	51,067
Food Service		97,865	59,981	-	157,846	-	68,264	68,264	226,110	280,602
Student Services		22,800	13,974	-	36,774	-	-	-	36,774	114,476
Office Expense		111,946	68,612	-	180,558	4,012	16,050	20,062	200,620	154,857
Depreciation		71,694	27,816	-	99,510	1,016	10,258	11,274	110,784	83,054
OTHER		37,984	20,204	-	58,188	194	64,146	64,340	122,528	41,759
Total Expenses		\$ 6,560,594	\$ 2,691,950	\$ -	\$ 9,252,544	\$ 155,107	\$ 1,137,813	\$ 1,292,920	\$ 10,545,464	\$ 9,113,506

New York State Education Department

Request for Proposals to Establish Charter Schools Authorized by the Board of Regents

2020-21 Budget & Cash Flow Template

General Instructions and Notes for New Application Budgets and Cash Flows Templates

1	Complete ALL SIX columns in BLUE
2	Enter information into the GRAY cells
3	Cells containing RED triangles in the upper right corner in columns B through G contain guidance on that particular item
4	School district per-pupil tuition information is located on the State Aid website at https://stateaid.nysed.gov/charter/ . Rows may be inserted in the worksheet to accommodate additional districts if necessary.
5	The Assumptions column should be completed for all revenue and expense items unless the item is self-explanatory. Where applicable, please reference the page number or section in the application narrative that indicates the assumption being made. For instance, student enrollment would reference the applicable page number in Section I, C of the application narrative.

Bronx Charter School for the Arts

PROJECTED BUDGET FOR 2020-2021

Assumptions

July 1, 2020 to June 30, 2021

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	10,828,987	2,029,398	-	330,000	-	13,188,385
Total Expenses	8,638,926	1,961,648	-	293,528	2,037,039	12,931,140
Net Income	2,190,061	67,750	-	36,472	(2,037,039)	257,245
Actual Student Enrollment	527	93	-	-	-	-
Total Paid Student Enrollment	527	93	-	-	-	620

		PROGRAM SERVICES			SUPPORT SERVICES			TOTAL
		REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL		
Aides	4.00	-	-	-	-	98,232	98,232	
Therapists & Counselors	4.00	288,344	50,884	-	-	-	339,228	
Other	-	352,656	62,233	-	-	-	414,889	
TOTAL INSTRUCTIONAL	75	4,354,765	849,668	-	-	98,232	5,302,665	
NON-INSTRUCTIONAL PERSONNEL COSTS								
Nurse	-	-	-	-	-	-	-	
Librarian	-	-	-	-	-	-	-	
Custodian	2.00	-	-	-	-	96,192	96,192	
Security	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
TOTAL NON-INSTRUCTIONAL	2	-	-	-	-	96,192	96,192	
SUBTOTAL PERSONNEL SERVICE COSTS	100	5,486,999	1,081,069	-	156,150	1,088,463	7,812,681	
PAYROLL TAXES AND BENEFITS								
Payroll Taxes	-	493,830	97,296	-	14,054	97,962	703,141	
Fringe / Employee Benefits	-	868,248	171,066	-	24,709	172,235	1,236,258	
Retirement / Pension	-	36,861	7,263	-	1,049	7,312	52,485	
TOTAL PAYROLL TAXES AND BENEFITS	-	1,398,939	275,624	-	39,811	277,509	1,991,884	
TOTAL PERSONNEL SERVICE COSTS	-	6,885,938	1,356,694	-	195,962	1,365,972	9,804,565	
CONTRACTED SERVICES								
Accounting / Audit	-	-	-	-	-	65,000	65,000	
Legal	-	-	-	-	-	5,748	5,748	
Management Company Fee	-	-	-	-	-	-	-	
Nurse Services	-	-	-	-	-	-	-	
Food Service / School Lunch	-	316,200	55,800	-	-	-	372,000	
Payroll Services	-	17,400	7,540	-	870	3,190	29,000	
Special Ed Services	-	-	-	-	-	-	-	
Titlement Services (i.e. Title I)	-	-	-	-	-	-	-	
Other Purchased / Professional / Consulting	-	208,501	90,350	-	35,425	38,225	372,501	
TOTAL CONTRACTED SERVICES	-	542,101	153,690	-	36,295	112,163	844,249	
SCHOOL OPERATIONS								
Board Expenses	-	-	-	-	-	18,000	18,000	
Classroom / Teaching Supplies & Materials	-	25,500	4,500	-	-	-	30,000	
Special Ed Supplies & Materials	-	-	-	-	-	-	-	
Textbooks / Workbooks	-	149,098	26,311	-	-	-	175,409	
Supplies & Materials other	-	-	-	-	-	-	-	
Equipment / Furniture	-	-	-	-	-	-	-	
Telephone	-	9,000	3,900	-	450	1,650	15,000	
Technology	-	8,500	1,500	-	-	102,600	112,600	
Student Testing & Assessment	-	12,750	2,250	-	-	-	15,000	
Field Trips	-	12,750	2,250	-	-	-	15,000	
Transportation (student)	-	-	-	-	-	-	-	
Student Services - other	-	88,400	15,600	-	-	-	104,000	
Office Expense	-	39,000	16,900	-	1,950	102,150	160,000	
Staff Development	-	102,000	44,200	-	5,100	18,700	170,000	
Staff Recruitment	-	39,000	16,900	-	1,950	7,150	65,000	
Student Recruitment / Marketing	-	-	-	-	-	-	-	
School Meals / Lunch	-	-	-	-	-	-	-	
Travel (Staff)	-	40,500	17,550	-	2,025	7,425	67,500	
Fundraising	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
TOTAL SCHOOL OPERATIONS	-	526,498	151,861	-	11,475	257,675	947,509	

Bronx Charter School for the Arts

PROJECTED BUDGET FOR 2020-2021

Assumptions

July 1, 2020 to June 30, 2021

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	10,828,987	2,029,398	-	330,000	-	13,188,385
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Net Income	2,190,061	67,750	-	36,472	(2,037,039)	257,245
Actual Student Enrollment	527	93				-
Total Paid Student Enrollment	527	93				620

PROGRAM SERVICES

SUPPORT SERVICES

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

Insurance	42,606	18,463	-	2,130	7,811	71,010
Janitorial	-	-	-	-	-	-
Building and Land Rent / Lease	455,084	197,203	-	22,754	83,432	758,473
Repairs & Maintenance	-	-	-	-	187,500	187,500
Equipment / Furniture	5,000	5,000	-	-	5,000	15,000
Security	-	-	-	-	-	-
Utilities	63,000	27,300	-	3,150	11,550	105,000
TOTAL FACILITY OPERATION & MAINTENANCE	565,690	247,966	-	28,034	295,293	1,136,983

DEPRECIATION & AMORTIZATION

	-	-	-	-	-	-
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DISSOLUTION ESCROW & RESERVES / CONTINGENCY

	118,700	51,437	-	21,762	5,935	197,834
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Expenses related directly to COVID-19

TOTAL EXPENSES

	8,638,926	1,961,648	-	293,528	2,037,039	12,931,140
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NET INCOME

	2,190,061	67,750	-	36,472	(2,037,039)	257,245
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ENROLLMENT - *School Districts Are Linked To Above Entries*

	REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED
NYCDOE	527	93	620
School District 2 (Enter Name)			-
School District 3 (Enter Name)			-
School District 4 (Enter Name)			-
School District 5 (Enter Name)			-
TOTAL ENROLLMENT	527	93	620
REVENUE PER PUPIL	20,548	21,821	-
EXPENSES PER PUPIL	16,393	21,093	-

BRONX CHARTER SCHOOL FOR THE ARTS
 950 LONGFELLOW AVE
 BRONX NY 10474

Speak to a dedicated business solutions expert
 at 1-888-755-2172 — a one-stop number for
 both your business and personal needs.

ACCOUNT SUMMARY FOR PERIOD APRIL 01, 2020 - JUNE 30, 2020

Business Advantage Savings [REDACTED]		BRONX CHARTER SCHOOL FOR THE ARTS	
Previous Balance 03/31/20	\$655,662.26	Number of Days in Cycle	91
0 Deposits/Credits	\$0.00	Minimum Balance This Cycle	\$655,662.26
Interest Paid	\$652.29	Average Collected Balance	\$655,879.61
0 Debits	\$0.00	Interest Earned During this Cycle	\$652.29
Service Charges	\$0.00	Interest Paid Year-To-Date	\$1,303.94
Ending Balance 06/30/20	\$656,314.55	Annual Percentage Yield (This Statement Period)	0.40%

ACCOUNT DETAIL FOR PERIOD APRIL 01, 2020 - JUNE 30, 2020

Business Advantage Savings [REDACTED]		BRONX CHARTER SCHOOL FOR THE ARTS		
<i>Date</i>	<i>Description</i>	<i>Deposits/Credits</i>	<i>Withdrawals/Debits</i>	<i>Resulting Balance</i>
04/30	Interest paid	\$214.97		\$655,877.23
05/31	Interest paid	\$222.21		\$656,099.44
06/30	Interest paid	\$215.11		\$656,314.55
Total		\$652.29	\$0.00	

Thank you for banking with us.

An Important Message to Our Clients

What should I do if I find an error or problem on my statement?

In case of error or questions about your electronic transfers telephone us at 1-888-755-2172 or write us at Capital One, N.A., 7933 Preston Rd. Plano, Texas 75024, Attn: Customer Service Center as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt.

For small business accounts: Please refer to your Electronic Fund Transfer Agreement/Disclosure for additional information.

For consumer accounts: We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared.

1. Tell us your name and account number (if any).
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

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