

October 16, 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 Mott Hall 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 year then ended, 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 16, 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 May 1, 2020, 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.
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. One audit adjustment to record in-kind rent was passed on because we felt a true value could not be obtained. We do not feel the impact of that entry is material to the financial statements.
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, if applicable, 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.

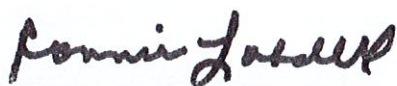
### **Information Provided**

1. We have provided you with:
  - 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.
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. Mott Hall 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.



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Connie Lobdell  
Executive Director/Principal





Suzanne Trice  
Director of Operations



Josh Moreau  
Financial Consultant







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

**June 30, 2020**

# MOTT HALL CHARTER SCHOOL

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## **Independent Auditor's Report**

To the Board of Trustees of  
Mott Hall Charter School

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

We have audited the accompanying financial statements of Mott Hall 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 year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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***

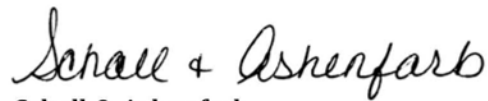
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mott Hall Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the School's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 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 the effectiveness of the School's financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



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Schall & Ashenfarb  
Certified Public Accountants, LLC

October 16, 2020



**MOTT HALL CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2020**  
(With comparative totals at June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
<b>Assets</b>		
Cash and cash equivalents	\$1,444,466	\$1,013,833
Grant receivable - New York City (Note 3)	16,957	0
Grants receivable - other	147,491	169,373
Prepaid expenses	5,507	19,340
Restricted cash (Note 4)	100,067	101,722
Fixed assets, net (Note 5)	<u>169,886</u>	<u>176,573</u>
 Total assets	 <u><u>\$1,884,374</u></u>	 <u><u>\$1,480,841</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$489,106	\$631,906
Paycheck Protection Program Loan (Note 6)	633,822	0
Grant advance - New York City (Note 3)	<u>0</u>	<u>45,307</u>
Total liabilities	1,122,928	677,213
 Net assets - without donor restrictions	 <u>761,446</u>	 <u>803,628</u>
 Total liabilities and net assets	 <u><u>\$1,884,374</u></u>	 <u><u>\$1,480,841</u></u>

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

**MOTT HALL CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With comparative totals for the year ended June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
<b>Without donor restrictions:</b>		
Public support and revenue:		
Public school district: (Note 3)		
Revenue - resident student enrollment	\$ 4,206,353	\$ 4,075,841
Revenue - students with special education services	557,556	492,296
Subtotal public school district revenue	4,763,909	4,568,137
Other government grants	353,834	316,101
Contributions	8,819	0
Other income	3,079	7,611
	<u>5,129,641</u>	<u>4,891,849</u>
 Total public support and revenue	 <u>5,129,641</u>	 <u>4,891,849</u>
 Expenses:		
Program services:		
Regular education	2,902,629	3,425,212
Special education	1,535,439	1,257,507
Total program services	4,438,068	4,682,719
Supporting services:		
Management and general	681,190	643,219
Fundraising	52,565	50,119
	<u>5,171,823</u>	<u>5,376,057</u>
 Total expenses	 <u>5,171,823</u>	 <u>5,376,057</u>
 Change in net assets	 (42,182)	 (484,208)
 Net assets - beginning of year	 <u>803,628</u>	 <u>1,287,836</u>
 Net assets - end of year	 <u><u>\$761,446</u></u>	 <u><u>\$803,628</u></u>

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

**MOTT HALL CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With comparative totals for the year ended June 30, 2019)

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Expenses 6/30/20	Total Expenses 6/30/19
Salaries	\$1,993,387	\$1,055,847	\$3,049,234	\$362,072	\$39,692	\$3,450,998	\$3,632,698
Employee benefits and payroll taxes	467,441	247,592	715,033	84,904	9,308	809,245	806,755
Total personnel costs	2,460,828	1,303,439	3,764,267	446,976	49,000	4,260,243	4,439,453
Professional development	2,323	616	2,939	57,138		60,077	98,834
Professional fees	135,785	103,493	239,278	121,651		360,929	392,129
Student and staff recruitment			0	1,447		1,447	4,268
Curriculum and classroom expenses	55,246	14,650	69,896			69,896	102,215
Supplies and materials	72,296	23,122	95,418	2,713	297	98,428	71,203
Food services	12,035	3,191	15,226			15,226	46,785
Postage, printing, and copying	3,723	1,972	5,695	676	74	6,445	2,950
Insurance	31,583	16,729	48,312	5,737	629	54,678	24,115
Information technology	51,560	27,310	78,870	9,365	1,027	89,262	71,344
Non-capitalized equipment and furnishings	8,017	4,246	12,263	1,456	160	13,879	22,425
Repairs and maintenance	3,035	1,608	4,643	552	60	5,255	2,639
Depreciation	66,198	35,063	101,261	12,024	1,318	114,603	97,316
Other				21,455		21,455	381
Total other than personnel costs	441,801	232,000	673,801	234,214	3,565	911,580	936,604
Total expenses	\$2,902,629	\$1,535,439	\$4,438,068	\$681,190	\$52,565	\$5,171,823	\$5,376,057

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

**MOTT HALL CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With comparative totals for the year ended June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Cash flows from operating activities:		
Change in net assets	(\$42,182)	(\$484,208)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	114,603	97,316
Changes in assets and liabilities:		
Grant receivable/advance - New York City	(62,264)	24,359
Grants receivable - other	21,882	82,730
Prepaid expenses	13,833	(19,340)
Accounts payable and accrued expenses	(142,800)	56,087
Paycheck Protection Program Loan	633,822	0
Total adjustments	<u>579,076</u>	<u>241,152</u>
Net cash provided by/(used for) operating activities	<u>536,894</u>	<u>(243,056)</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	<u>(107,916)</u>	<u>(47,428)</u>
Net cash used for investing activities	<u>(107,916)</u>	<u>(47,428)</u>
Net increase/(decrease) in cash, cash equivalents, and restricted cash	428,978	(290,484)
Cash, cash equivalents, and restricted cash - beginning of year	<u>1,115,555</u>	<u>1,406,039</u>
Cash, cash equivalents, and restricted cash - end of year	<u><u>\$1,544,533</u></u>	<u><u>\$1,115,555</u></u>
Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$1,444,466	\$1,013,833
Restricted cash	<u>100,067</u>	<u>101,722</u>
	<u><u>\$1,544,533</u></u>	<u><u>\$1,115,555</u></u>

No taxes or interest were paid.

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



**MOTT HALL CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

Mott Hall Charter School (the "School"), located in Bronx, 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 provides a full range of educational services appropriate for the sixth, seventh and eighth grade levels. The School completed the 2019-2020 fiscal year with an average enrollment of approximately 260 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE").

On June 27, 2011, the School was granted a charter valid for a term of 5 years after the date of opening. On December 28, 2016, the School received a 2-year extension on their charter for a term up through and including June 30, 2019. On March 12, 2019, the School received a 3-year extension on their charter for a term up through and including June 30, 2022.

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 Accounting

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 when received or paid.

Effective July 1, 2019 the School adopted 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.

Also, effective July 1, 2019, the School adopted ("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.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the School recognizes revenue.

b. Basis of Presentation

The School reports information regarding their financial position and activities according to the following classes of net assets:

- *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 for a specific purpose or the passage of time. The School did not have any net assets with donor restrictions at June 30, 2020 or June 30, 2019.

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 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 and June 30, 2019. 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, furniture, equipment and assembling of the website are capitalized at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of pre-defined amounts that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful lives of the respective assets, which generally are 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:

- Employee benefits and payroll taxes
- Supplies and materials
- Postage, printing and copying
- Insurance
- Information technology
- Non-capitalized equipment and furnishings
- Repairs and maintenance
- 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, 2017 and later are subject to examination by applicable taxing authorities.

l. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year-ended June 30, 2019 from which the summarized information was derived.

m. New Accounting Pronouncement

FASB issued ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

FASB issued ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

The School is in the process of evaluating the impact this standard will have on future financial statements.

**Note 3 - Grants Receivable/ (Advance Payable) – New York City Department of Education**

	<u>6/30/20</u>	<u>6/30/19</u>
Beginning advance payable	(\$45,307)	(\$20,948)
Funding based on allowable FTE's	4,763,909	4,568,137
Advances received	<u>(4,701,645)</u>	<u>(4,592,496)</u>
Ending receivable/ advance payable	<u>\$16,957</u>	<u>(\$45,307)</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>	<u>6/30/19</u>
Furniture and equipment	\$881,565	\$773,649
Less: accumulated depreciation	<u>(711,679)</u>	<u>(597,076)</u>
Total fixed assets, net	<u>\$169,886</u>	<u>\$176,573</u>

**Note 6 - Paycheck Protection Program Loan**

During the year ended 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 93% of the School's total public support and revenue was received from NYCDOE in both 2020 and 2019. 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 7,000 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. Employees who are at least 21 years old may 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. The amount of estimated matching payments of \$35,000 and \$29,000 has been included in payroll taxes and employee benefits in the accompanying financial statements for the years ended June 30, 2020 and June 30, 2019, respectively.

**Note 10 - Availability and Liquidity**

The School's financial assets available to meet cash needs for general expenditures within one year are \$1,608,914 at June 30, 2020, which consist of cash and cash equivalents of \$1,444,466, grants receivable from New York City of \$16,957, and other government grants of \$147,491. 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 the impact of all subsequent events through October 16, 2020, which is the date that the financial statements were available to be issued. No 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  
Mott Hall 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 Mott Hall 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 year then ended and the related notes to the financial statements, and have issued our report thereon dated October 16, 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.

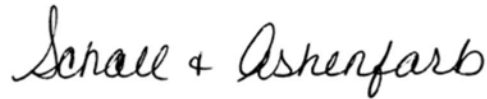
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during 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.



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Schall & Ashenfarb  
Certified Public Accountants, LLC

October 16, 2020

**MOTT HALL CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2020**

Current Year:

None

Prior Year:

None



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

To the Board of Trustees of  
Mott Hall Charter School

We have audited the financial statements of Mott Hall Charter School (the "School") for the year ended June 30, 2020 and have issued our report thereon dated October 16, 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 May 1, 2020, 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 year ended June 30, 2020, the School adopted ASU No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU 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 year under audit and the application of existing policies was not changed during the year.

Not-for-profit organizations are required to record in-kind contributions for rent received without charge. As you are aware, the School operates out of a public-school building owned by New York City. Similar to past years, management decided not to record in-kind rent. While this conflicts with generally accepted accounting principles, we feel the impact on the financial statements is not material.



We noted no other transactions entered into by the School during the year 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 estimates 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. None of the adjustments made were considered significant.

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 our 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.

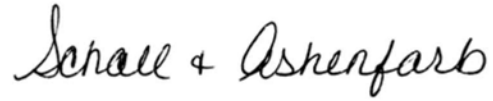
#### Timing of the single audit quality project

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 members that, in our professional judgment may impair our independence.

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

A handwritten signature in cursive script that reads "Schall & Ashenfarb".

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Schall & Ashenfarb  
Certified Public Accountants, LLC

October 16, 2020



IRA L. SCHALL, CPA  
DAVID C. ASHENFARB, CPA  
MICHAEL L. SCHALL, CPA

May 1, 2020

Ms. Connie Lobdell  
Executive Director  
And Those Charged with Governance  
Mott Hall Charter School  
1260 Franklin Avenue  
Bronx, NY 10456

**Via e-mail**

Dear Ms. Lobdell:

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

We will audit the statement of financial position of Mott Hall Charter School as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended and the 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 U.S. generally accepted auditing standards 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. If our opinion on the financial statements 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 to issue a report as a result of this engagement and may withdraw.

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 applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance 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 also 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 include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the entity 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 U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### Management Responsibilities

**Management is responsible** for (1) designing, implementing, 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.

**Management is 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. **Those 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, **management is responsible** for identifying and ensuring that applicable laws, regulations, contracts, agreements, and grants are complied with, 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



## EXHIBIT 1

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. **Management is also responsible for providing a written statement on the entity's letter head that describes** 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.

If you use a financial consultant to review your books, prepare journal entries or prepare financial statements we will request certain representation from them as well. **Because of the importance of management's representations to an effective audit, failure of management or their 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.**

### **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 rather than absolute 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 entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance 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 you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you 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 funding sources, creditors, and financial institutions. We will also request written representations from the attorneys as part of the engagement, if attorneys have been consulted on any matters that may impact the financial statements. Those attorneys may send you bill for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters, compliance with laws, resolutions, contracts, and grant agreements, and other responsibilities required by generally accepted auditing standards.



## EXHIBIT 1

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity 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 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 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, 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, or that might otherwise impair our independence.

You agree to assume all management responsibilities relating to the tax services, financial statements, related notes, and any other non-audit 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 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 non-audit services we provide; you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

See sections below about preparation of financial statements and annual tax returns.



## EXHIBIT 1

### Assistance in Preparing Financial Statements

As noted above, we will also assist in preparing the financial statements of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you. 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.

### Taxes

As part of our engagement, we will also prepare the federal information return (Form 990) in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. 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 timely, you will not hold us responsible for any penalties incurred for incomplete information.

We will send you a draft of the form 990 for your review. We expect that you will get back to us within a reasonable time frame with any questions, or edits. Once we answer your questions and receive any edits that may be required, we will ask you to send back IRS form 8879, which gives us the authority to file your federal taxes electronically. Unfortunately, due to the time it takes to create draft documents in an encrypted file that we can send to you, **we will only provide one draft of the taxes**, and will incorporate all edits into the final document. If additional drafts are requested, **you will incur a charge of \$250 for each additional draft**. If we do not receive edits back from you or the authorization to file the taxes by receiving the signed form 8879, or you prefer not to file electronically, we will send you hard copies to file. At this time, New York State has a cumbersome process for electronic filings; therefore, we will send you an electronic copy for you to print out to file with New York State. We will also send you electronic copies only for your records unless we receive a specific request for hard copies.

### Audit Administration and Other

We understand that your employees 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.

Mike Schall is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it. 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 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.



## **EXHIBIT 1**

We will provide copies of our reports to you; 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, 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 Government Regulator. The Regulator 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.

### **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.

### **Fee and Deliverables of Documents**

At the completion of field work we will provide you with a comprehensive audit presentation that includes an executive summary, required communication with those charged with governance, the financial statements with related footnotes, a management letter, or other recommendations, if applicable, and industry updates. As this will be the document we expect to review with those charged with governance, we will review with management to determine if there is additional



## EXHIBIT 1

information you wish to provide, and make edits if necessary. Any additional drafts, thereafter will incur a cost of \$250 per draft.

**Our fee will be \$17,000.** Additional fees will be for out of pocket costs for confirmations and additional drafts of tax filings or financial statements as referred to above. A payment is required upon the signing of this letter in the amount of \$5,000. After the initial retainer has been billed, we will send progress billings based upon an estimate of the work completed to date.

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. Upon request we will also provide 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. You will be responsible for all fees for time spent to date of when you are notified of the unexpected circumstance.** 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 costs of collection, including without limitation attorney's fees.

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.

We understand that the School may receive CSP funding, and 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. A separate agreement outlining the scope of work and related fees is being presented simultaneous to this agreement.

### 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.

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.

## EXHIBIT 1

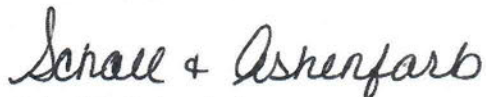
We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Organization must make all decisions related to our recommendations. By signing this Agreement, you 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 of comment received during the period of the contract. Our 2017 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 you 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,

A handwritten signature in cursive script that reads "Schall & Ashenfarb".

Schall & Ashenfarb  
Certified Public Accountants, LLC

EXHIBIT 1

RESPONSE:

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

Pamela Ladd

Officer signature

Principal / Executive Director

Title

9/23/2020

Date

Suzanne Kuci  
Director of operations  
9/23/2020



## 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.

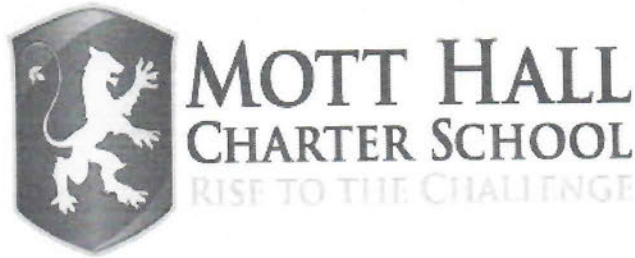
#### **Opinion**

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.

A handwritten signature in black ink that reads "Lutz, Selig &amp; Zeronda L.L.P." The signature is written in a cursive, flowing style.



## EXHIBIT 2



October 16, 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 Mott Hall 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 year then ended, 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 16, 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 May 1, 2020, 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.
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.

## EXHIBIT 2

8. There were no uncorrected misstatements that are material, both individually and in the aggregate, to the financial statements as a whole. One audit adjustment to record in-kind rent was passed on because we felt a true value could not be obtained. We do not feel the impact of that entry is material to the financial statements.
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, if applicable, 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.

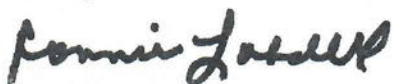
### Information Provided

1. We have provided you with:
  - 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.



## EXHIBIT 2

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.
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. Mott Hall 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.



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Connie Lobdell  
Executive Director/Principal

**EXHIBIT 2**



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Suzanne Trice  
Director of Operations



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Josh Moreau  
Financial Consultant



## Annual Financial Statement Audit Report

School Name:	Mott Hall Charter School
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 #9
School Fiscal Contact Name:	Josh Moreau, boostEd Finance
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Schall & Ashenfarb, CPA's, LLC
School Audit Contact Name:	Joe Albano
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

**Mott Hall Charter School**  
**Statement of Financial Position**  
**as of June 30**

	<u>2020</u>	<u>2019</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 1,444,466	\$ 1,013,833
Grants and contracts receivable	16,957	-
Accounts receivables	147,491	169,373
Prepaid Expenses	5,507	19,340
Contributions and other receivables	-	-
Other current assets	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>1,614,421</u>	<u>1,202,546</u>
<b><u>NON-CURRENT ASSETS</u></b>		
Property, Building and Equipment, net	\$ 169,886	\$ 176,573
Restricted Cash	100,067	101,722
Security Deposits	-	-
Other Non-Current Assets	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<u>269,953</u>	<u>278,295</u>
<b>TOTAL ASSETS</b>	<u><u>1,884,374</u></u>	<u><u>1,480,841</u></u>
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 489,106	\$ 631,906
Accrued payroll, payroll taxes and benefits	-	-
Current Portion of Loan Payable	-	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	45,307
Other Current Liabilities	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>489,106</u>	<u>677,213</u>
<b><u>LONG-TERM LIABILITIES</u></b>		
Loan Payable; Due in More than One Year	\$ -	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	633,822	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>633,822</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,122,928</u>	<u>677,213</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	\$ 761,446	\$ 803,628
Temporarily restricted	-	-
Permanently restricted	-	-
<b>TOTAL NET ASSETS</b>	<u>761,446</u>	<u>803,628</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>1,884,374</u></u>	<u><u>1,480,841</u></u>



**Mott Hall Charter School**  
**Statement of Activities**  
**as of June 30**

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
<b>OPERATING REVENUE</b>				
State and Local Per Pupil Revenue - Reg. Ed	\$ 4,206,353	\$ -	\$ 4,206,353	\$ 4,075,841
State and Local Per Pupil Revenue - SPED	557,556	-	557,556	492,296
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	353,834	-	353,834	316,101
State and City Grants	-	-	-	-
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	-	-	-	-
<b>TOTAL OPERATING REVENUE</b>	<b>5,117,743</b>	<b>-</b>	<b>5,117,743</b>	<b>4,884,238</b>
<b>EXPENSES</b>				
Program Services				
Regular Education	\$ 2,902,629	\$ -	\$ 2,902,629	\$ 3,425,212
Special Education	1,535,439	-	1,535,439	1,257,507
Other Programs	-	-	-	-
Total Program Services	4,438,068	-	4,438,068	4,682,719
Management and general	681,190	-	681,190	643,219
Fundraising	52,565	-	52,565	50,119
<b>TOTAL EXPENSES</b>	<b>5,171,823</b>	<b>-</b>	<b>5,171,823</b>	<b>5,376,057</b>
<b>SURPLUS / (DEFICIT) FROM OPERATIONS</b>	<b>(54,080)</b>	<b>-</b>	<b>(54,080)</b>	<b>(491,819)</b>
<b>SUPPORT AND OTHER REVENUE</b>				
Interest and Other Income	\$ -	\$ -	\$ -	\$ -
Contributions and Grants	8,819	-	8,819	-
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	3,079	-	3,079	7,611
<b>TOTAL SUPPORT AND OTHER REVENUE</b>	<b>11,898</b>	<b>-</b>	<b>11,898</b>	<b>7,611</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>(42,182)</b>	<b>-</b>	<b>(42,182)</b>	<b>(484,208)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 803,628</b>	<b>\$ -</b>	<b>\$ 803,628</b>	<b>\$ 1,287,836</b>
<b>PRIOR YEAR/PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 761,446</b>	<b>\$ -</b>	<b>\$ 761,446</b>	<b>\$ 803,628</b>

**Mott Hall Charter School  
Statement of Cash Flows**

**as of June 30**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS - OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (42,182)	\$ (484,208)
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	114,603	97,316
Grants Receivable	(40,382)	107,089
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	13,833	(19,340)
Accounts Payable	(142,800)	56,087
Accrued Expenses	-	-
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	-	-
Interest payments	-	-
Restricted Cash	-	(25,031)
Security Deposit	-	-
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>\$ (96,928)</b>	<b>\$ (268,087)</b>
<b>CASH FLOWS - INVESTING ACTIVITIES</b>		
Purchase of equipment	(107,916)	(47,428)
Other	633,822	-
<b>NET CASH PROVIDED FROM INVESTING ACTIVITIES</b>	<b>\$ 525,906</b>	<b>\$ (47,428)</b>
<b>CASH FLOWS - FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	-	-
Other	-	-
<b>NET CASH PROVIDED FROM FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 428,978</b>	<b>\$ (315,515)</b>
Cash at beginning of year	1,115,555	1,329,348
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,544,533</b>	<b>\$ 1,013,833</b>

**Mott Hall Charter School**  
**Statement of Functional Expenses**  
**as of June 30**

		2020							2019
No. of Positions		Program Services				Supporting Services			
		Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total	
Personnel Services Costs		\$ -	\$ -	\$ -	\$ -	\$ 39,692	\$ 362,072	\$ 401,764	\$ 3,632,698
Administrative Staff Personnel	7.00	-	-	-	-	-	-	-	-
Instructional Personnel	23.00	1,993,387	1,055,847	-	3,049,234	-	-	3,049,234	-
Non-Instructional Personnel	9.00	-	-	-	-	-	-	-	806,755
Total Salaries and Staff	39.00	1,993,387	1,055,847	-	3,049,234	39,692	362,072	401,764	4,439,453
Fringe Benefits & Payroll Taxes		467,441	247,592	-	715,033	9,308	84,904	94,212	-
Retirement		-	-	-	-	-	-	-	-
Management Company Fees		-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	-	-	-
Accounting / Audit Services		-	-	-	-	-	-	-	-
Other Purchased / Professional / Consulting Services		135,785	103,493	-	239,278	-	121,651	121,651	392,129
Building and Land Rent / Lease		-	-	-	-	-	-	-	-
Repairs & Maintenance		3,035	1,608	-	4,643	60	552	612	2,639
Insurance		31,583	16,729	-	48,312	629	5,737	6,366	24,115
Utilities		-	-	-	-	-	-	-	-
Supplies / Materials		127,542	37,772	-	165,314	297	2,713	3,010	173,418
Equipment / Furnishings		8,017	4,246	-	12,263	160	1,456	1,616	22,425
Staff Development		2,323	616	-	2,939	-	57,138	57,138	98,834
Marketing / Recruitment		-	-	-	-	-	1,447	1,447	4,268
Technology		51,560	27,310	-	78,870	1,027	9,365	10,392	71,344
Food Service		12,035	3,191	-	15,226	-	-	-	46,785
Student Services		-	-	-	-	-	-	-	-
Office Expense		3,723	1,972	-	5,695	74	676	750	2,950
Depreciation		66,198	35,063	-	101,261	1,318	12,024	13,342	97,316
OTHER		-	-	-	-	-	21,455	21,455	381
<b>Total Expenses</b>		<b>\$ 2,902,629</b>	<b>\$ 1,535,439</b>	<b>\$ -</b>	<b>\$ 4,438,068</b>	<b>\$ 52,565</b>	<b>\$ 681,190</b>	<b>\$ 733,755</b>	<b>\$ 5,376,057</b>

IRA L. SCHALL, CPA  
DAVID C. ASHENFARB, CPA  
MICHAEL L. SCHALL, CPA

May 1, 2020

Ms. Connie Lobdell  
Executive Director  
And Those Charged with Governance  
Mott Hall Charter School  
1260 Franklin Avenue  
Bronx, NY 10456

**Via e-mail**

Dear Ms. Lobdell:

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

We will audit the statement of financial position of Mott Hall Charter School as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended and the 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 U.S. generally accepted auditing standards 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. If our opinion on the financial statements 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 to issue a report as a result of this engagement and may withdraw.

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 applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance 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 also an integral part of an audit performed in accordance with *Government Auditing*





*Standards* in considering the entity's internal control and compliance. The paragraph will also include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the entity 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 U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

## **Management Responsibilities**

**Management is responsible** for (1) designing, implementing, 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.

**Management is 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. **Those 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, **management is responsible** for identifying and ensuring that applicable laws, regulations, contracts, agreements, and grants are complied with, 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. **Management is also responsible for providing a written statement on the entity's letter head that describes** 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.

If you use a financial consultant to review your books, prepare journal entries or prepare financial statements we will request certain representation from them as well. **Because of the importance of management's representations to an effective audit, failure of management or their 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.**

### **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 rather than absolute 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 entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance 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 you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you 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 funding sources, creditors, and financial institutions. We will also request written representations from the attorneys as part of the engagement, if attorneys have been consulted on any matters that may impact the financial statements. Those attorneys may send you bill for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters, compliance with laws, resolutions, contracts, and grant agreements, and other responsibilities required by generally accepted auditing standards.





## **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity 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 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 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, 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, or that might otherwise impair our independence.

You agree to assume all management responsibilities relating to the tax services, financial statements, related notes, and any other non-audit 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 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 non-audit services we provide; you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

See sections below about preparation of financial statements and annual tax returns.





## Assistance in Preparing Financial Statements

As noted above, we will also assist in preparing the financial statements of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you. 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.

## Taxes

As part of our engagement, we will also prepare the federal information return (Form 990) in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. 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 timely, you will not hold us responsible for any penalties incurred for incomplete information.

We will send you a draft of the form 990 for your review. We expect that you will get back to us within a reasonable time frame with any questions, or edits. Once we answer your questions and receive any edits that may be required, we will ask you to send back IRS form 8879, which gives us the authority to file your federal taxes electronically. Unfortunately, due to the time it takes to create draft documents in an encrypted file that we can send to you, **we will only provide one draft of the taxes**, and will incorporate all edits into the final document. If additional drafts are requested, **you will incur a charge of \$250 for each additional draft**. If we do not receive edits back from you or the authorization to file the taxes by receiving the signed form 8879, or you prefer not to file electronically, we will send you hard copies to file. At this time, New York State has a cumbersome process for electronic filings; therefore, we will send you an electronic copy for you to print out to file with New York State. We will also send you electronic copies only for your records unless we receive a specific request for hard copies.

## Audit Administration and Other

We understand that your employees 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.

Mike Schall is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it. 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 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.





We will provide copies of our reports to you; 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, 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 Government Regulator. The Regulator 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.

### **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.

### **Fee and Deliverables of Documents**

At the completion of field work we will provide you with a comprehensive audit presentation that includes an executive summary, required communication with those charged with governance, the financial statements with related footnotes, a management letter, or other recommendations, if applicable, and industry updates. As this will be the document we expect to review with those charged with governance, we will review with management to determine if there is additional





information you wish to provide, and make edits if necessary. Any additional drafts, thereafter will incur a cost of \$250 per draft.

**Our fee will be \$17,000.** Additional fees will be for out of pocket costs for confirmations and additional drafts of tax filings or financial statements as referred to above. A payment is required upon the signing of this letter in the amount of \$5,000. After the initial retainer has been billed, we will send progress billings based upon an estimate of the work completed to date.

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. Upon request we will also provide 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. You will be responsible for all fees for time spent to date of when you are notified of the unexpected circumstance.** 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 costs of collection, including without limitation attorney's fees.

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.

We understand that the School may receive CSP funding, and 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.. A separate agreement outlining the scope of work and related fees is being presented simultaneous to this agreement.

## **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.

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.





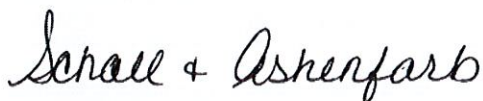
We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Organization must make all decisions related to our recommendations. By signing this Agreement, you 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 of comment received during the period of the contract. Our 2017 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 you 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,

A handwritten signature in cursive script that reads "Schall & Ashenfarb".

Schall & Ashenfarb  
Certified Public Accountants, LLC



RESPONSE:

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

*Fannie Lassus*

Officer signature

*Suzanne Kuci*  
Director of operations

*9/23/2020*

*Principal / Executive Director*

Title

*9/23/2020*

Date





# Lilling & Company LLP

Certified Public Accountants

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

April 20, 2017

To the Partners of Schall & Ashenfarb CPAs, LLC and the Peer Review Committee of the New York State Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Schall & Ashenfarb CPAs, LLC (the firm) in effect for the year ended August 31, 2016. Our peer review was conducted in accordance with the 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's 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.

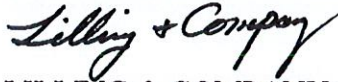
As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Ten Cutter Mill Road, Great Neck, NY 11021-3201 • (516) 829-1099 • Fax (516) 829-1065



**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Schall & Ashenfarb CPAs, LLC in effect for the year ended August 31, 2016, 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 CPAs, LLC has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads "Lilling & Company".

LILLING & COMPANY LLP





## Questions for Pre-Planning Meeting of Audit

Company Name: Mott Hall Charter School

Year End: June 30, 2020

	YES	NO
1. Have there been any instances of fraud that you are aware of during the past year? <i>Being resolved with Chase currently (recognized Chase charges not MHCs)</i>	✓	
2. Are there any instances where potential fraud was brought to the attention of management or members of the board of directors? If so, was an investigation performed? <i>Chase Incident above to management / EDP Lobdell</i>	✓	
3. When do you anticipate the audit will be ready to begin? <i>Enter Date:</i>	<i>July 1, 2020</i>	
4. When do you expect to receive a draft of the financial statements and management letter? <i>Enter Date:</i>	<i>July 1 - Aug 1, 2020</i>	
5. When do you need the final financial statements delivered to you: <i>Enter Date:</i>	<i>TBD / Moreau</i>	
6. How much flexibility do you have in your deadline? For example, is there a particular board meeting that the audit must be completed for? Does one of your funders have a specific deadline? <i>Explain:</i>	<i>Flexible</i>	
7. Has a formal response been prepared by management to those charged with governance addressing the prior year management letter? <i>Explain:</i>	<i>No, TBD need clarity on request</i>	

*SM 9/23/2020*





Suzanne Trice &lt;strice@motthallcs.org&gt;

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**Fwd: Mott Engagement Letter**

5 messages

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**Josh Moreau** <jmoreau@weboosted.com>  
To: Suzanne Trice <strice@motthallcs.org>

Wed, Sep 23, 2020 at 9:21 AM

Hi Suzanne, can you or Connie sign the attached engagement letter for the audit?

Thanks,  
Josh

Josh Moreau  
boostEd  
Mobile: 917.804.7847  
Web : www.WeBoostEd.com

----- Forwarded message -----

From: **Joseph Albano** <jalbano@schallandashenfarb.com>  
Date: Wed, Sep 23, 2020 at 9:18 AM  
Subject: Mott Engagement Letter  
To: jmoreau@weboosted.com <jmoreau@weboosted.com>  
Cc: Carlishia Bruno <cbruno@schallandashenfarb.com>

Hi Josh,

I don't think we received the signed engagement letter back from Mott Hall yet. Can you coordinate with them and see if they can sign/scan this back to us?

Thanks,  
Joe

Joseph Albano, CPA  
Schall and Ashenfarb, CPA's, L.L.C.  
307 Fifth Avenue, 15th Floor  
New York, NY 10016  
Phone: (212) 268 - 2800 ext. 107  
Fax: (212) 268 - 2805








**Circular 230 Disclosure Notice:** To ensure compliance with Treasury Department rules governing tax practice, we inform you that any advice contained herein (including in any attachment) (1) was not written and is not intended to be used, and cannot be used, for the purpose of avoiding any federal tax penalty that may be imposed on the taxpayer, and (2) may not be used in connection with promoting, marketing or recommending to another person any transaction or matter addressed herein.

Notice: This transmission, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential information which may not be forwarded without consent. If you received this and are not the intended recipient(s) you are hereby notified that any disclosure, copying, unauthorized distribution or the taking of any action in reliance on the contents of this information is prohibited. If you have received this transmission in error, please immediately contact the sender as indicated above to arrange the proper handling of the information.

 **Eng Ltr (GAS) 2020 Mott Hall.pdf**  
361K

**Suzanne Trice** <strice@motthallcs.org>  
To: Josh Moreau <jmoreau@weboosted.com>

Wed, Sep 23, 2020 at 9:29 AM

What date to you want on the last page?  
[Quoted text hidden]

--  
**Suzanne Trice**  
**Director of Operations**  
Mott Hall Charter School  
strice@motthallcs.org  
P: (718) 991-9139  
F: (718) 991-9150  
www.motthallcharterschool.org  
\*Rise to the Challenge!\*

**Suzanne Trice** <strice@motthallcs.org>  
To: Connie Lobdell <clobdell@motthallcs.org>, Principal Lobdell <principallobdell@motthallcs.org>

Wed, Sep 23, 2020 at 9:30 AM

Can I stamp and send this off for you - it is just audit acknowledgement?  
[Quoted text hidden]  
[Quoted text hidden]

 **Eng Ltr (GAS) 2020 Mott Hall.pdf**  
361K



**Josh Moreau** <jmoreau@weboosted.com>  
To: Suzanne Trice <strice@motthallcs.org>

Wed, Sep 23, 2020 at 9:31 AM

It doesn't matter.

Thanks,  
Josh

Josh Moreau  
boostEd  
Mobile: 917.804.7847  
Web : www.WeBoostEd.com

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**Connie Lobdell** <clobdell@motthallcs.org>  
To: Suzanne Trice <strice@motthallcs.org>

Wed, Sep 23, 2020 at 9:44 AM

Yes

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Connie Lobdell





# New York State Education Department

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

### 2020-21 Budget & Cash Flow Template

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

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

**Mott Hall Charter School**

PROJECTED BUDGET FOR 2020-2021							Assumptions
July 1, 2020 to June 30, 2021							DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
Total Revenue	4,549,214	541,039	-	-	35	5,090,288	
Total Expenses	3,224,911	1,085,712	-	17,350	761,339	5,089,312	
Net Income	1,324,303	(544,673)	-	(17,350)	(761,304)	976	
Actual Student Enrollment	266	26				-	
Total Paid Student Enrollment	266	26				292	
PROGRAM SERVICES							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
<b>REVENUE</b>							
<b>REVENUES FROM STATE SOURCES</b>							
Per Pupil Revenue							
NYCDOE							
School District 2 (Enter Name)							
School District 3 (Enter Name)							
School District 4 (Enter Name)							
School District 5 (Enter Name)							
	4,288,718	-	-	-	-	4,288,718	
	4,288,718	-	-	-	-	4,288,718	
Special Education Revenue	-	477,940	-	-	-	477,940	Based on current enrolled students' IEPs
Grants							
Stimulus	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
Other State Revenue	-	-	-	-	-	-	
<b>TOTAL REVENUE FROM STATE SOURCES</b>	<b>4,288,718</b>	<b>477,940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,766,658</b>	
<b>REVENUE FROM FEDERAL FUNDING</b>							
IDEA Special Needs	-	34,155	-	-	-	34,155	Decrease from FY20 due to overall decrease in SPED students
Title I	231,625	25,736	-	-	-	257,361	Title I portion is based on initial allocation, IIA and IV are assumptions
Title Funding - Other	-	-	-	-	-	-	
School Food Service (Free Lunch)	-	-	-	-	-	-	
Grants							
Charter School Program (CSP) Planning & Implementation	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
Other Federal Revenue	-	-	-	-	-	-	
<b>TOTAL REVENUE FROM FEDERAL SOURCES</b>	<b>231,625</b>	<b>59,891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291,516</b>	
<b>LOCAL and OTHER REVENUE</b>							
Contributions and Donations, Fundraising	-	-	-	-	-	-	
Erate Reimbursement	10,620	1,180	-	-	-	11,800	
Interest Income, Earnings on Investments,	-	-	-	-	35	35	
NYC-DYCD (Department of Youth and Community Developmt.)	-	-	-	-	-	-	
Food Service (Income from meals)	-	-	-	-	-	-	
Text Book	18,251	2,028	-	-	-	20,279	
Other Local Revenue	-	-	-	-	-	-	
<b>TOTAL REVENUE FROM LOCAL and OTHER SOURCES</b>	<b>28,871</b>	<b>3,208</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>32,114</b>	
<b>TOTAL REVENUE</b>	<b>4,549,214</b>	<b>541,039</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>5,090,288</b>	
<b>EXPENSES</b>							List exact titles and staff FTE"s ( Full time equiulivalent)
<b>ADMINISTRATIVE STAFF PERSONNEL COSTS</b>	No. of Positions						
Executive Management	1.00	107,250	36,300	-	1,650	145,200	ED time is split 65-22-1-12
Instructional Management	1.00	117,860	13,096	-	-	130,956	Only 1 AP for FY21 versus 2 in previous years
Deans, Directors & Coordinators	6.00	318,691	-	-	-	318,691	
CFO / Director of Finance	-	-	-	-	-	-	
Operation / Business Manager	1.00	-	-	6,325	120,175	126,500	
Administrative Staff	4.00	-	-	-	215,342	215,342	Parent Outreach, Student Support, Ops Assoc, Exec Assistant
<b>TOTAL ADMINISTRATIVE STAFF</b>	<b>13</b>	<b>543,801</b>	<b>49,396</b>	<b>-</b>	<b>355,317</b>	<b>956,489</b>	
<b>INSTRUCTIONAL PERSONNEL COSTS</b>							
Teachers - Regular	12.00	947,214	105,246	-	-	1,052,460	
Teachers - SPED	6.00	-	505,286	-	-	505,286	
Substitute Teachers	-	-	-	-	-	-	
Teaching Assistants	1.00	44,943	4,994	-	-	49,937	Specifically for Grade 8
Specialty Teachers	4.00	258,278	28,698	-	-	286,976	



**Mott Hall Charter School**

PROJECTED BUDGET FOR 2020-2021								Assumptions
July 1, 2020 to June 30, 2021								DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.								
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PROGRAM SERVICES								
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL		
Aides	-	-	-	-	-	-		
Therapists & Counselors	1.00	183,784	20,420	-	-	204,204		
Other	-	118,800	13,200	-	-	132,000		Stipends, Summer, After-School, Enrichment programs
<b>TOTAL INSTRUCTIONAL</b>	<b>24</b>	<b>1,553,019</b>	<b>677,844</b>	<b>-</b>	<b>-</b>	<b>2,230,863</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>SUBTOTAL PERSONNEL SERVICE COSTS</b>	<b>37</b>	<b>2,096,821</b>	<b>727,239</b>	<b>-</b>	<b>7,975</b>	<b>355,317</b>	<b>3,187,352</b>	
<b>PAYROLL TAXES AND BENEFITS</b>								
Payroll Taxes		188,714	65,452	-	718	31,979	286,862	9% of salaries
Fringe / Employee Benefits		384,536	133,368	-	1,463	65,162	584,528	assumed 15% increase in health benefits from FY20 to FY21
Retirement / Pension		41,936	14,545	-	160	7,106	63,747	2% weighted average
<b>TOTAL PAYROLL TAXES AND BENEFITS</b>		<b>615,186</b>	<b>213,365</b>	<b>-</b>	<b>2,340</b>	<b>104,246</b>	<b>935,137</b>	
<b>TOTAL PERSONNEL SERVICE COSTS</b>		<b>2,712,007</b>	<b>940,604</b>	<b>-</b>	<b>10,315</b>	<b>459,563</b>	<b>4,122,489</b>	
<b>CONTRACTED SERVICES</b>								
Accounting / Audit		-	-	-	-	106,000	106,000	BoostEd + annual audit
Legal		-	-	-	-	1,000	1,000	
Management Company Fee		-	-	-	-	-	-	
Nurse Services		-	-	-	-	-	-	
Food Service / School Lunch		-	-	-	-	-	-	
Payroll Services		5,850	1,980	-	90	1,080	9,000	
Special Ed Services		-	35,000	-	-	-	35,000	SPED consultant will be significantly reduced from FY20
Titlement Services (i.e. Title I)		-	-	-	-	-	-	
Other Purchased / Professional / Consulting		67,500	7,500	-	3,000	-	78,000	LittleBird Fee and fundraising
<b>TOTAL CONTRACTED SERVICES</b>		<b>73,350</b>	<b>44,480</b>	<b>-</b>	<b>3,090</b>	<b>108,080</b>	<b>229,000</b>	
<b>SCHOOL OPERATIONS</b>								
Board Expenses		-	-	-	-	9,500	9,500	
Classroom / Teaching Supplies & Materials		115,001	12,778	-	-	-	127,779	Includes grade level spending as well as renewal of Read 180
Special Ed Supplies & Materials		-	9,000	-	-	-	9,000	
Textbooks / Workbooks		19,350	2,150	-	-	-	21,500	Mostly (\$16K) an investment in new Math curriculum
Supplies & Materials other		10,800	1,200	-	-	-	12,000	Extended day and library
Equipment / Furniture		13,650	4,620	-	210	2,520	21,000	
Telephone		6,500	2,200	-	100	1,200	10,000	
Technology		29,575	10,010	-	455	5,460	45,500	
Student Testing & Assessment		9,000	1,000	-	-	-	10,000	
Field Trips		27,000	3,000	-	-	-	30,000	This includes 6th and 8th grade orientations and assemblies
Transportation (student)		-	-	-	-	-	-	
Student Services - other		31,050	3,450	-	-	-	34,500	
Office Expense		-	-	-	1,050	19,950	21,000	
Staff Development		32,825	11,110	-	505	6,060	50,500	This assumes the staff will still be attending IB conferences throughout the year
Staff Recruitment		1,800	200	-	-	-	2,000	
Student Recruitment / Marketing		22,050	2,450	-	-	-	24,500	
School Meals / Lunch		15,300	1,700	-	-	-	17,000	Parent to parent meetings, staff/student incentives
Travel (Staff)		3,575	1,210	-	55	660	5,500	
Fundraising		-	-	-	-	-	-	
Other		62,216	21,058	-	957	11,486	95,717	\$45K of this line is COVID-related (computers, PPE, nursing, subs, etc)
<b>TOTAL SCHOOL OPERATIONS</b>		<b>399,692</b>	<b>87,136</b>	<b>-</b>	<b>3,332</b>	<b>56,836</b>	<b>546,996</b>	



**Mott Hall Charter School**

PROJECTED BUDGET FOR 2020-2021							Assumptions
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Actual Student Enrollment	266	26				-	
Total Paid Student Enrollment	266	26				292	
PROGRAM SERVICES							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
FACILITY OPERATION & MAINTENANCE							
Insurance	39,863	13,492	-	613	7,359	61,327	
Janitorial	-	-	-	-	-	-	
Building and Land Rent / Lease	-	-	-	-	-	-	
Repairs & Maintenance	-	-	-	-	5,500	5,500	
Equipment / Furniture	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
Utilities	-	-	-	-	-	-	
TOTAL FACILITY OPERATION & MAINTENANCE	39,863	13,492	-	613	12,859	66,827	
DEPRECIATION & AMORTIZATION	-	-	-	-	124,000	124,000	
DISSOLUTION ESCROW & RESERVES / CONTIGENCY	-	-	-	-	-	-	
TOTAL EXPENSES	3,224,911	1,085,712	-	17,350	761,339	5,089,312	
NET INCOME	1,324,303	(544,673)	-	(17,350)	(761,304)	976	
ENROLLMENT - *School Districts Are Linked To Above Entries*	REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED				
NYCDOE	266	26	292				
School District 2 (Enter Name)			-				
School District 3 (Enter Name)			-				
School District 4 (Enter Name)			-				
School District 5 (Enter Name)			-				
TOTAL ENROLLMENT	266	26	292				
REVENUE PER PUPIL	17,102	20,809	-				
EXPENSES PER PUPIL	12,124	41,758	-				



**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

MOTT HALL CHARTER SCHOOL 8-181  
ESCROW  
1260 FRANKLIN AVE  
BRONX NY 10456

See Back for Important Information

Primary Account: [REDACTED] 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			
[REDACTED]	MONOGRAM INSURED MMA	100,050.97	100,067.42
RELATIONSHIP	TOTAL		100,067.42



SIGNATURE BANK

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

MOTT HALL CHARTER SCHOOL 8-181  
ESCROW  
1260 FRANKLIN AVE  
BRONX NY 10456

See Back for Important Information

Primary Account: [REDACTED] 0

MONOGRAM INSURED MMA [REDACTED]

Summary

Previous Balance as of June	01, 2020	100,050.97
1 Credits		16.45
Ending Balance as of June	30, 2020	100,067.42

Deposits and Other Credits

Jun 30 Interest Paid	16.45
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Daily Balances

May 31	100,050.97	Jun 30	100,067.42
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*===== Interest Summary =====*			
* Year-To-Date Interest	67.42		*
* Interest Paid This Period	16.45	Annual Percentage Yield Earned	0.20 % *
* Avg. Balance this Period	100,050.97	Days in Period	30 *
*=====*			