

Sisulu-Walker Charter School of Harlem, Inc.

**Financial Statements
and
Independent Auditors' Report**

June 30, 2020

Sisulu-Walker Charter School of Harlem, Inc.

Financial Statements

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Independent Auditors' Report

To the Board of Trustees of
Sisulu-Walker Charter School of Harlem, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Sisulu-Walker Charter School of Harlem, Inc. (a nonprofit organization) 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sisulu-Walker Charter School of Harlem, Inc. 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 Sisulu-Walker Charter School of Harlem, Inc.'s 2019 financial statements, and our report dated October 25, 2019, expressed an unmodified opinion on those audited financial statements. 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 20, 2020, on our consideration of Sisulu-Walker Charter School of Harlem, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sisulu-Walker Charter School of Harlem, Inc.'s internal control over financial reporting and compliance.

Vargas & Rivera, LLP

New City, New York

October 20, 2020

Sisulu-Walker Charter School of Harlem, Inc.
Statement of Financial Position
June 30, 2020
(With Summarized Comparative Information For June 30, 2019)

ASSETS	2020	2019
	<hr/>	<hr/>
Current Assets		
Cash	\$ 1,290,838	\$ 913,014
Due from Government Agencies (Note 3)	107,417	111,761
Accounts Receivable	-	3,481
	<hr/>	<hr/>
Total Current Assets	1,398,255	1,028,256
	<hr/>	<hr/>
Fixed Assets		
Leasehold Improvements	134,517	120,427
Equipment, Furniture and Fixtures	760,013	720,002
	<hr/>	<hr/>
	894,530	840,429
Less: Accumulated Depreciation	(791,140)	(759,294)
	<hr/>	<hr/>
Total Fixed Assets	103,390	81,135
	<hr/>	<hr/>
Other Assets		
Security Deposits	37,500	37,500
	<hr/>	<hr/>
Total Other Assets	37,500	37,500
	<hr/>	<hr/>
Total Assets	\$ 1,539,145	\$ 1,146,891
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 89,078	\$ 77,220
Accrued Payroll and Related Expenses	303,329	253,996
	<hr/>	<hr/>
Total Current Liabilities	392,407	331,216
Long-Term Liabilities		
Loan Payable (Note 5)	456,000	-
	<hr/>	<hr/>
Total Liabilities	848,407	331,216
	<hr/>	<hr/>
Net Assets		
Net Assets Without Donor Restrictions	690,738	815,675
	<hr/>	<hr/>
Total Net Assets	690,738	815,675
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 1,539,145	\$ 1,146,891
	<hr/> <hr/>	<hr/> <hr/>

Sisulu-Walker Charter School of Harlem, Inc.
Statement of Activities
For the year ended June 30, 2020
(With Summarized Comparative Information For The Year Ended June 30, 2019)

NET ASSETS WITHOUT DONOR RESTRICTIONS

PUBLIC SUPPORT AND REVENUE

	2020	2019
Resident Student Enrollment	\$ 3,707,117	\$ 3,783,767
Grants and Contracts		
Federal Funding	147,547	152,103
State Funding	40,456	101,485
Corporate Contributions	39,938	29,660
Interest Income	12,592	847
 Total Public Support and Revenue	 3,947,650	 4,067,862

EXPENSES

Program Services		
Regular Education	2,195,825	2,266,983
Special Education	1,149,351	1,073,577
 Total Program Expenses	 3,345,176	 3,340,560
Supporting Services		
Management and General	727,411	661,618
 Total Expenses	 4,072,587	 4,002,178
 Total Change in Net Assets	 (124,937)	 65,684
Net Assets, Beginning of Year	815,675	749,991
Net Assets, End of Year	\$ 690,738	\$ 815,675

Sisulu-Walker Charter School of Harlem, Inc.
Statement of Functional Expenses
For the year ended June 30, 2020
(With Summarized Comparative Information For The Year Ended June 30, 2019)

<u>Personnel Service Costs</u>	<u>Regular Education</u>	<u>Special Education</u>	<u>Total Programs</u>	<u>Support Services</u>	<u>2020</u>	<u>2019</u>
Salaries						
Administrative Staff Personnel	\$ 179,036	\$ 111,898	290,934	\$ 156,657	\$ 447,591	463,547
Instructional Personnel	1,023,609	520,853	1,544,462	-	1,544,462	1,555,116
Non-Instructional Personnel	-	-	-	302,307	302,307	240,617
Total Personnel Costs	<u>1,202,645</u>	<u>632,751</u>	<u>1,835,396</u>	<u>458,964</u>	<u>2,294,360</u>	<u>2,259,280</u>
Fringe Benefits	202,065	106,313	308,378	26,321	334,699	322,298
Payroll Taxes	110,970	58,385	169,355	14,455	183,810	199,737
Retirement Benefits	32,155	16,918	49,073	4,188	53,261	49,236
Total Personnel and Related Expenses	<u>345,190</u>	<u>181,616</u>	<u>526,806</u>	<u>44,964</u>	<u>571,770</u>	<u>571,271</u>
<u>Operating Expenses</u>						
Consultants - Education (Note 5)	72,997	38,406	111,403	9,509	120,912	116,590
Legal	-	-	-	6,361	6,361	-
Insurance	32,196	16,939	49,135	4,194	53,329	51,179
Supplies and Materials	40,639	14,732	55,371	1,567	56,938	56,303
Technology	13,727	7,222	20,949	1,788	22,737	28,012
Occupancy	290,176	152,671	442,847	37,798	480,645	480,200
Utilities	44,470	23,397	67,867	5,793	73,660	66,468
Student Services	9,405	11,162	20,567	-	20,567	22,572
Staff Development	7,755	4,080	11,835	1,010	12,845	12,475
Marketing and Recruitment	38,580	14,791	53,371	1,939	55,310	45,310
Accounting and Audit Fees	-	-	-	140,754	140,754	137,000
Office Expenses	32,008	16,840	48,848	4,169	53,017	56,537
Maintenance and Repairs	37,772	19,873	57,645	4,920	62,565	43,310
Equipment and Furnishings	-	-	-	-	-	3,451
Depreciation	19,226	10,115	29,341	2,504	31,845	38,474
Other Expenses	9,039	4,756	13,795	1,177	14,972	13,746
Total Operating Expenses	<u>647,990</u>	<u>334,984</u>	<u>982,974</u>	<u>223,483</u>	<u>1,206,457</u>	<u>1,171,627</u>
TOTAL EXPENSES	<u>\$ 2,195,825</u>	<u>\$ 1,149,351</u>	<u>\$ 3,345,176</u>	<u>\$ 727,411</u>	<u>\$ 4,072,587</u>	<u>\$ 4,002,178</u>

Sisulu-Walker Charter School of Harlem, Inc.
Statement of Cash Flows
For the year ended June 30, 2020
(With Summarized Comparative Information For The Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Resident Student Enrollment	\$ 3,695,661	\$ 3,846,868
Receipts from Grants and Contributions	247,223	286,232
Receipts from Other Revenue	12,592	847
Payments to Employees	(2,816,797)	(2,813,393)
Payments to Vendors and Suppliers	<u>(1,162,754)</u>	<u>(1,129,090)</u>
Net Cash (Used In) Provided by Operating Activities	<u>(24,075)</u>	<u>191,464</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Leasehold Improvements	(14,090)	(2,350)
Purchases of Equipment, Furniture and Fixtures	<u>(40,011)</u>	<u>(4,220)</u>
Net Cash Used In Investing Activities	<u>(54,101)</u>	<u>(6,570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable	<u>456,000</u>	<u>-</u>
Net Cash Provided By Financing Activities	<u>456,000</u>	<u>-</u>
NET INCREASE IN CASH	377,824	184,894
CASH AT BEGINNING OF YEAR	<u>913,014</u>	<u>728,120</u>
CASH AT END OF YEAR	<u><u>\$ 1,290,838</u></u>	<u><u>\$ 913,014</u></u>

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 1 - ORGANIZATION

Sisulu-Walker Charter School of Harlem, Inc. (the "School") is a charter school for children located in Harlem, New York. In fiscal year 2014, the School operated grades kindergarten through fifth. It educates children in a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The School was chartered during August 1999 and the first classes were offered during the 1999-2000 school year. Charter was renewed in 2016 and extended thru 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

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

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the Organization at June 30, 2020 were considered to be net assets without donor restrictions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in The United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all highly liquid investments available for current use with an initial period of three months or less to be cash equivalents.

Functional Allocation of Expenses

Expenses relating to more than one function are allocated to program service and management and general based on employee time estimates or other appropriate usage factors.

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue Recognition

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Revenue from grants and contracts is recognized as the related costs are incurred under the grant or contract agreement. This support may be subject to approved budgets, as amended, and may be subject to possible adjustment after audit by the granting agencies. The fiscal periods of these grants and contracts may differ from the fiscal year end of the School. The School believes all accounts receivable at June 30, 2020 will be fully collected. Accordingly, no allowance for doubtful accounts is required. Deferred amounts represent cash received in advance of related expenditures.

Tax Exempt Status

The School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income. The School has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

The School files the Form 990 in the U.S. federal jurisdiction. With few exceptions, as of June 30, 2020, the School is no longer subject to U.S. Federal income tax examinations by tax authorities for the years ended prior to June 30, 2017. The tax returns for the years ended June 30, 2017 through June 30, 2019 are still subject to potential audit by the IRS. Management of the School believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits.

Leasehold Improvements Furniture and Fixtures, and Equipment

Leasehold improvements, furniture and equipment are valued at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets or the term of the lease agreement. Normal replacement and maintenance costs are charged to earnings as incurred, and major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss for the period. The School capitalizes assets with cost of \$500 and over. Depreciation is calculated based on the useful lives of the assets as follows: Leasehold Improvements 5 Years, Equipment and Furniture 3 - 7 Years.

Contributed Services

Contributed services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A number of volunteers have made a contribution of their time to the School to develop academic and other programs and to serve on the board of trustees. The value of this contributed time is not reflected in the financial statements as such services either do not require specialized skills or would not typically be purchased had they not been provided as donations.

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Financial Information

The June 30, 2019 financial statements include certain prior year summarized comparative information in total but not by net asset class. As a result, the June 30, 2019 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2019 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.

NOTE 3 – DUE FROM GOVERNMENT AGENCIES

Under the School's Charter School Agreement and the Charter School Act, the School is entitled to receive funding from both State and Federal sources that are available to public schools. These funds include State pupil enrollment funds and Federal food subsidies and Title I, IIA, IID, IV and V funds. The calculation of the amounts to be paid to the School under these programs is determined by the State, and is based on complex laws and regulations, enrollment levels, and economic information related to the home school district of the children enrolled in the school. If these regulations, some of which are relatively new in the State of New York, were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly. As of June 30, 2020, \$107,417 is due from government agencies.

NOTE 4 – DEFINED CONTRIBUTION PLAN

The School offers a 401(k) plan (the "Plan") for substantially all of its employees. Employees are eligible for the plan immediately upon employment and participation in the Plan is voluntary. Employees may contribute up to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The School matches the employee contribution 100% up to 4% of the employee's annual compensation. The School's contribution recognized in the statement of activities was \$53,261 for 2020. The Plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the Plan's participants and beneficiaries.

NOTE 5 – LOANS PAYABLE

On April 29, 2020, the School was granted a loan from in the aggregate amount of \$456,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of Note dated April 29, 2020 issued by the School, matures on April 29, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 29, 2020. The Note may be prepaid by the School at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The School intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 6 – CONSULTANTS - EDUCATION

In January 2007, the School entered into a Second Charter School Management Agreement with Victory Schools, Inc. (VSI) d/b/a Victory Education Partners (VEP) to provide services related to certain education and operational aspects of the School. Victory serves as an advisor regarding functions associated with the educational services to be provided to the students at the School and consults with the School with respect to its legal and operational compliance in accordance with the terms of the charter and the Charter School Act. VEP and the School replaced that certain agreement with another agreement, effective July 1, 2015, in April 2016. VEP shall provide the School with the services outlined on Schedule A of the agreement. In exchange for the services, the School shall pay to VEP the service fee outlined on Schedule A.

NOTE 7 – COMMITMENTS

Occupancy Lease

The School is paying rent for space for classroom instruction and administration activity under a month-to-month lease. Monthly rental payments total \$39,784. For the fiscal year ended June 30, 2020, rent expense paid was \$477,405.

Operating Lease

The School entered into an operating lease agreement for equipment on August 22, 2017. The lease begins on September 1, 2017 and calls for monthly payments of \$2,550 and expires on November 30, 2020. The School entered into a new operating lease agreement for equipment on August 21, 2020. The lease begins on September 1, 2020 and calls for monthly payments of \$2,000 and expires on November 30, 2023.

Future minimum rental payments under the terms of this lease are as follows:

Year Ending June 30,	Amount
2021	\$ 26,750
2022	24,000
2023	24,000
2024	16,000
	\$ 90,750

NOTE 8 – CONTINGENCY

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

Sisulu-Walker Charter School of Harlem, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 9 – CONCENTRATIONS

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at major financial institutions which, at times may exceed the Federal Deposit Insurance Corporation insured limit of \$250,000 and Due from Government Agencies. Management believes that there is little risk in any losses and has not experienced any losses in such accounts. Management also believes that credit risk with respect to Due from Government Agencies is limited since the amounts are due from local and federal government programs.

The School is dependent on various government agencies for funding, and is responsible for meeting the requirements of such agencies. If the school was to lose students or the related government funding, it could have a substantial effect on its ability to continue operations.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

At June 30, 2020, the School has \$1,398,255 of financial assets to meet needs for general expenditures consisting of cash of \$1,290,838 and due from government agencies of \$107,417. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the organization in the next 12 months.

In addition to financial assets available to meet general expenditures over the year, the School operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient tuition and other revenues. The statement of cash flows identifies the sources and uses of the School's cash and shows negative cash generated by operations of \$24,075 for fiscal year ending June 30, 2020.

NOTE 11 – SUBSEQUENT EVENTS

The School evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 20, 2020, for these financial statements.



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

To the Board of Trustees of
Sisulu-Walker Charter School of Harlem, Inc.
New York, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sisulu-Walker Charter School of Harlem, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sisulu-Walker Charter School of Harlem, Inc.'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 Sisulu-Walker Charter School of Harlem, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Sisulu-Walker Charter School of Harlem, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vargas & Rivca, LLP

New City, New York

October 20, 2020