

**ELM COMMUNITY
CHARTER SCHOOL**

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

June 30, 2020

ELM COMMUNITY CHARTER SCHOOL

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

Independent Auditor's Report

To the Board of Trustees of
Elm Community Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Elm Community 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 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.

307 Fifth Avenue, 15th Floor
New York, New York 10016
Tel: (212) 268-2800 Fax: (212) 268-2805
www.schallandashenfARB.com

Opinion

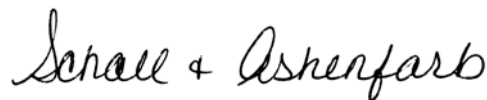
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elm Community Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally 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 24, 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 15, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 15, 2020

**ELM COMMUNITY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020**

(With comparative totals as of June 30, 2019)

	<u>6/30/2020</u>	<u>6/30/2019</u>
Assets		
Cash and cash equivalents	\$790,909	\$220,722
Grants receivable - other	90,088	243,868
Prepaid expenses and other assets	8,854	15,603
Security deposit	600,166	70,000
Restricted cash (Note 3)	50,000	25,000
Fixed assets (Note 4)	<u>222,930</u>	<u>132,674</u>
Total assets	<u><u>\$1,762,947</u></u>	<u><u>\$707,867</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$204,127	\$152,420
Grant advances - other	0	29,534
Grant advance - New York City (Note 5)	664	7,141
Paycheck Protection Program loan (Note 6)	318,625	0
Loan payable (Note 7)	<u>70,000</u>	<u>110,000</u>
Total liabilities	<u>593,416</u>	<u>299,095</u>
Net assets:		
Without donor restrictions	<u>1,169,531</u>	<u>408,772</u>
Total liabilities and net assets	<u><u>\$1,762,947</u></u>	<u><u>\$707,867</u></u>

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

**ELM COMMUNITY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

(With comparative totals for the period from inception through June 30, 2019)

	<u>6/30/2020</u>	<u>6/30/2019</u>
Without donor restrictions:		
Public support and revenue:		
Public school district: (Note 5)		
Revenue - resident student enrollment	\$3,053,561	\$1,547,140
Revenue - students with special education services	<u>204,082</u>	<u>51,420</u>
Total public school district revenue	3,257,643	1,598,560
Other government grants	915,705	1,450,031
Contributions	2,430	12,679
Other income	<u>7,800</u>	<u>0</u>
Total public support and revenue	<u>4,183,578</u>	<u>3,061,270</u>
Expenses:		
Program services:		
Regular education	2,440,549	1,883,869
Special education	<u>464,864</u>	<u>385,850</u>
Total program services	<u>2,905,413</u>	<u>2,269,719</u>
Supporting services:		
Management and general	517,406	378,192
Fundraising	<u>0</u>	<u>4,587</u>
Total supporting services	<u>517,406</u>	<u>382,779</u>
Total expenses	<u>3,422,819</u>	<u>2,652,498</u>
Change in net assets	760,759	408,772
Net assets - beginning of period	<u>408,772</u>	<u>0</u>
Net assets - end of period	<u><u>\$1,169,531</u></u>	<u><u>\$408,772</u></u>

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

**ELM COMMUNITY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

(With comparative totals for the period from inception through June 30, 2019)

	Program Services			Supporting Services	Total Expenses 6/30/2020	Total Expenses 6/30/2019
	Regular Education	Special Education	Total Program Services	Management and General		
Salaries	\$1,168,562	\$222,581	\$1,391,143	\$164,302	\$1,555,445	1,235,946
Payroll taxes and benefits	236,723	45,089	281,812	33,284	315,096	242,390
Total personnel costs	1,405,285	267,670	1,672,955	197,586	1,870,541	1,478,336
Professional fees	88,980	16,949	105,929	260,654	366,583	275,489
Curriculum and classroom expenses	48,115	9,165	57,280		57,280	152,577
Facilities expense	625,374	119,118	744,492		744,492	498,028
Office expenses	15,771	3,004	18,775	45,081	63,856	48,801
Professional development	129,226	24,615	153,841		153,841	59,118
Insurance	31,175	5,938	37,113	6,550	43,663	22,259
Recruitment	33,010	6,288	39,298		39,298	61,469
Other expenses	3,600	686	4,286	7,535	11,821	10,972
Depreciation	60,013	11,431	71,444		71,444	45,449
Total expenses	<u>\$2,440,549</u>	<u>\$464,864</u>	<u>\$2,905,413</u>	<u>\$517,406</u>	<u>\$3,422,819</u>	<u>\$2,652,498</u>

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

**ELM COMMUNITY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

(With comparative totals for the period from inception through June 30, 2019)

	<u>6/30/2020</u>	<u>6/30/2019</u>
Cash flows from operating activities:		
Change in net assets	\$760,759	\$408,772
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,444	45,449
Changes in assets and liabilities:		
Government grants receivable	153,780	(243,868)
Prepaid expenses and other assets	6,749	(15,603)
Security deposit	(530,166)	(70,000)
Accounts payable and accrued expenses	51,707	152,420
Government grant advance	(29,534)	29,534
Grant advance - New York City	(6,477)	7,141
Paycheck Protection Program loan	318,625	0
Total adjustments	<u>36,128</u>	<u>(94,927)</u>
Net cash flows provided by operating activities	<u>796,887</u>	<u>313,845</u>
Cash flows from investing activities:		
Purchases of furniture, equipment, and leasehold improvements	<u>(161,700)</u>	<u>(178,123)</u>
Net cash flows used for investing activities	<u>(161,700)</u>	<u>(178,123)</u>
Cash flows from financing activities:		
Loan proceeds	0	120,000
Loan repayment	<u>(40,000)</u>	<u>(10,000)</u>
Net cash flows (used for)/provided by financing activities	<u>(40,000)</u>	<u>110,000</u>
Net increase in cash, cash equivalents, and restricted cash	595,187	245,722
Cash, cash equivalents, and restricted cash - beginning of period	<u>245,722</u>	<u>0</u>
Cash, cash equivalents, and restricted cash - end of period	<u><u>\$840,909</u></u>	<u><u>\$245,722</u></u>
Reconciliation to Statement of Financial Position:		
Cash and cash equivalents	\$790,909	\$220,722
Restricted cash (Note 3)	<u>50,000</u>	<u>25,000</u>
Total cash, cash equivalents, and restricted cash	<u><u>\$840,909</u></u>	<u><u>\$245,722</u></u>
Supplemental disclosures:		
Interest paid	<u>\$3,900</u>	<u>\$1,000</u>
Taxes paid	<u>\$0</u>	<u>\$0</u>

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

**ELM COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 1 - Organization

Elm Community Charter School (the "School"), located in Flushing, New York, is a not-for-profit education corporation chartered by the Board of Regents of the University of the State of New York. The charter was authorized by the SUNY Charter Schools Institute. The School provides a full range of educational services appropriate for elementary school. The School aims to foster an interdisciplinary and collaborative learning environment focused on cultivating civically engaged student leaders.

The School completed the 2019-2020 fiscal year with an average enrollment of approximately 190 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE"). On July 14, 2017, the School was granted a charter for a term up to and including July 31, 2023. The summarized comparative information reflects activity from inception through June 30, 2019.

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 - Summary of 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 than 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.

For contributions, the School evaluates whether they are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the School to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

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

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

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

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. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

Contributions and grants expected to be received 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 or June 30, 2019. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollectable.

d. Cash and Cash Equivalents

The School considers all liquid investments purchased with an initial 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 cash accounts, which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. While at year end the School had uninsured balances, management feels they have little risk and has not experienced any losses due to bank failure.

f. Capitalization Policy

Computer hardware, furniture, equipment, and leasehold improvements are capitalized at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of \$5,000 that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful life of the respective assets as follows:

Computers and equipment – *3 years*

Furniture and fixtures – *5 years*

Leasehold improvements – *Life of lease*

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 accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

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

- Payroll taxes and employee benefits
- Office expenses
- Insurance

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, 2018, the School's initial filing, and later are subject to examination by applicable taxing authorities.

l. Comparative Financial Information

The financial statements include certain prior year summarized comparative information by total but not in 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 these standards will have on future financial statements.

Note 3 - 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 4 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Furniture, fixtures and equipment	\$317,798	\$178,123
Leasehold improvements	<u>22,025</u>	<u>0</u>
	339,823	178,123
Less: accumulated depreciation	<u>(116,893)</u>	<u>(45,449)</u>
Total	<u>\$222,930</u>	<u>132,674</u>

Note 5 - Grant Advance – New York City Department of Education

Activity related to the contract with the NYCDOE can be summarized as follows:

	<u>6/30/20</u>	<u>6/30/19</u>
Beginning grant advance	(\$7,141)	\$0
Per pupil funding:		
Funding based on allowable FTEs	\$3,257,643	\$1,598,560
Advances received	<u>(3,251,166)</u>	<u>(1,605,701)</u>
Ending grant advance	<u>(\$664)</u>	<u>(\$7,141)</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 not less 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, the School will continue to review whether any new accounting pronouncements may be issued that will provide more definitive guidance.

Note 7 - Loans Payable

The School's loan activity can be summarized as follows:

- On May 29, 2018, the School received a loan from another non-profit organization for \$70,000 to fund the School's security deposit with the landlord. Interest on this loan accrues at an annual rate of 8%. The full amount of the loan was outstanding at June 30, 2020 and June 30, 2019. The balance was repaid in full subsequent to year end.
- On March 8, 2019, the School received a loan from an individual for \$40,000. The full amount of the loan was outstanding at June 30, 2019 and was repaid in full during 2020. There was no outstanding balance at June 30, 2020.

Note 8 - Significant Concentrations

The School is dependent upon grants from the NYCDOE to carry out its operations. Approximately 78% and 52% of the School's total public support and revenue was from NYCDOE for the year ended June 30, 2020 and the period from inception through June 30, 2019, respectively. If the NYCDOE were to discontinue funding, it would have a severe economic impact on the School's ability to operate.

Note 9 - Commitments and Contingencies

During the year ended June 30, 2020, the School entered into a lease agreement with Friends of Elm Community Charter School, Inc. for an educational and administrative space at 69-26 Cooper Avenue, Queens, NY, that became effective July 1, 2020, the following fiscal year. The lease expires on June 30, 2022 with one one-year renewal option.

The School entered into another lease agreement with Friends of Elm Community Charter School, Inc. for a new educational and administrative space at 79-20 Queens Blvd., Queens, NY, that's anticipated to become effective July 1, 2022 as the lease mentioned in the preceding paragraph expires. This lease expires June 30, 2053.

Future minimum payments under these leases are as follows:

Year ending:	June 30, 2021	\$900,000
	June 30, 2022	1,100,000
	June 30, 2023	1,800,000
	June 30, 2024	2,087,277
	June 30, 2025	2,139,459
	Thereafter	<u>87,410,372</u>
Total		<u>\$95,437,108</u>

Note 10 - Retirement Plan

The School has a retirement plan under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate and may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. The School provides matching contributions on a discretionary basis and contributed \$24,425 and \$14,261 for the year ended June 30, 2020 and for the period from inception through June 30, 2019, respectively. Salary deferrals and matching contributions are immediately 100% vested.

Note 11 - Availability and Liquidity

At June 30, 2020, the School's financial assets available to meet cash needs for general expenditures within one year are \$880,997, which consist of cash and cash equivalents of \$790,909 and government grants receivable due within one year of \$90,088. 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 12 - Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 15, 2020, the date 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 13 - 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.

**INDEPENDENT AUDITOR'S 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
Elm Community 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 Elm Community 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 15, 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 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.

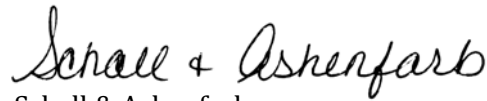
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during 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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Schall & Ashenfarb
Certified Public Accountants, LLC

October 15, 2020

**ELM COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Current Year:

None

Prior Year:

None