

**WILDFLOWER NEW YORK
CHARTER SCHOOL**

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

June 30, 2021

WILDFLOWER NEW YORK CHARTER SCHOOL

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Independent Auditor's Report

To the Board of Trustees of
Wildflower New York Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Wildflower New York Charter School (the "School"), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows from inception through June 30, 2021, 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.

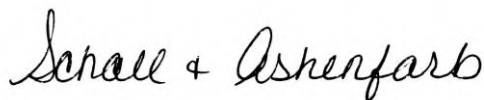
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wildflower New York Charter School as of June 30, 2021, and the changes in its net assets and its cash flows from inception through June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 21, 2021

**WILDFLOWER NEW YORK CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021**

Assets

Cash and cash equivalents	\$63,816
Government grants receivable - per pupil funding (Note 3)	78,120
Government grants receivable - other	472,799
Prepaid expenses and other assets	22,733
Restricted cash (Note 4)	25,000
Fixed assets (Note 5)	<u>9,125</u>
Total assets	<u><u>\$671,593</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	\$152,780
Due to The Wildflower Foundation (Note 6)	264,937
Loans payable (Note 7)	<u>173,457</u>
Total liabilities	591,174
Net assets:	
Without donor restrictions	<u>80,419</u>
Total liabilities and net assets	<u><u>\$671,593</u></u>

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

**WILDFLOWER NEW YORK CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FROM INCEPTION THROUGH JUNE 30, 2021**

Without donor restrictions:

Public support and revenue:

Public school district revenue: (Note 3)

Resident student enrollment - K & 1st grade	\$209,164
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Students with special education services - K & 1st grade	79,252
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Pre-kindergarten students	100,800
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Total public school district revenue	389,216
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New York City rental assistance	62,749
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Other government grants	478,591
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Contributions	15,085
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Total public support and revenue	<u>945,641</u>
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Expenses:

Program services:

Regular education	245,377
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Special education	163,585
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Pre-kindergarten	258,334
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Total program services	<u>667,296</u>
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Supporting services:

Management and general	197,926
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Total expenses	<u>865,222</u>
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Change in net assets	80,419
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Net assets - beginning	<u>0</u>
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Net assets - ending	<u><u>\$80,419</u></u>
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The attached notes and auditor's report are an integral part of these financial statements.

WILDFLOWER NEW YORK CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FROM INCEPTION THROUGH JUNE 30, 2021

	Program Services			Supporting Services	
	Regular Education	Special Education	Pre Kindergarten	Total Program Services	Total Expenses
Salaries	\$88,461	\$58,974	\$98,289	\$245,724	\$258,657
Payroll taxes and benefits	16,627	11,085	18,475	46,187	48,618
Total personnel costs	105,088	70,059	116,764	291,911	307,275
Professional fees	98,695	65,797	95,356	259,848	436,684
Curriculum and classroom expenses	5,597	3,732	6,219	15,548	15,548
Occupancy expense	28,272	18,848	31,413	78,533	82,667
Office expenses	2,932	1,954	3,257	8,143	8,572
Professional development	1,139	759	1,265	3,163	3,330
Insurance	2,905	1,937	3,228	8,070	8,495
Other expenses				0	461
Depreciation	749	499	832	2,080	2,190
Total expenses	<u>\$245,377</u>	<u>\$163,585</u>	<u>\$258,334</u>	<u>\$667,296</u>	<u>\$865,222</u>

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

**WILDFLOWER NEW YORK CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FROM INCEPTION THROUGH JUNE 30, 2021**

Cash flows from operating activities:	
Change in net assets	\$80,419
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	2,190
Changes in assets and liabilities:	
Government grants receivable - per pupil funding	(78,120)
Government grants receivable - other	(472,799)
Prepaid expenses and other assets	(22,733)
Accounts payable and accrued expenses	152,780
Due to The Wildflower Foundation	264,937
Total adjustments	<u>(153,745)</u>
Net cash flows used for operating activities	<u>(73,326)</u>
Cash flows from investing activities:	
Purchases of furniture and equipment	<u>(11,315)</u>
Net cash used for investing activities	<u>(11,315)</u>
Cash flows from financing activities:	
Loan proceeds	196,137
Loan repayments	<u>(22,680)</u>
Net cash provided by financing activities	<u>173,457</u>
Net increase in cash, cash equivalents and restricted cash	88,816
Cash, cash equivalents and restricted cash - beginning	<u>0</u>
Cash, cash equivalents and restricted cash - ending	<u><u>\$88,816</u></u>
Cash, cash equivalents and restricted cash:	
Cash and cash equivalents	\$63,816
Restricted cash	<u>25,000</u>
Total cash, cash equivalents and restricted cash	<u><u>\$88,816</u></u>

No taxes or interest were paid.

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

WILDFLOWER NEW YORK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization

Wildflower New York Charter School (the "School"), located in the South Bronx, New York, is a nonprofit education corporation chartered by the Board of Trustees of the State University of New York ("SUNY"). The School was founded in 2019 and enrolled students for the first time in the fall of 2021.

The School is currently made up of two small schools, Gloria Alston Children's Learning Center and The Rose School, which are open for enrollment and can only be entered through a random lottery. The Gloria Alston Children's Learning Center, a primary school, serves Pre-K and Kindergarten students. The Rose School a lower elementary school, served First Grade in the 2020-2021 school year and will expand to serve both First and Second Grade in the 2021-22 academic year. The School plans to open additional small schools, to serve students through fifth grade in the coming years.

The School completed the 2020-2021 academic year with an average enrollment of approximately 22 students. The School is a publicly funded, privately managed school, which operates independently of but in partnership with the New York City Department of Education. On January 2, 2019, the School was granted a provisional charter by SUNY that expires and will be eligible for renewal on June 30, 2025. The financial statements reflect activity from inception through June 30, 2021, to incorporate the School's first operating year.

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. The School has not been designated as a private foundation.

The School is affiliated with The Wildflower Foundation ("TWF"), a Minnesota nonprofit organization, and as such is part of the Wildflower Network, a decentralized network of Montessori schools that share a core set of operating values and design principles but are independent of each other. Wildflower schools are teacher led, student centered, small in scale, diverse by design, and neighborhood nested. TWF supports educators in creating and operating Wildflower schools in their own communities. The School agrees to abide by Wildflower's Network Policies, which are promulgated by TWF, in exchange for the use of trademarks, technical support, and other benefits. TWF does not meet the requirements for consolidation because the School does not exercise control over TWF.

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.

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 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 on June 30, 2021.

c. Revenue Recognition

The School follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which 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 as both a barrier to entitlement and a right of return of payments or release from obligations and are 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 ASC 958-605. Revenue from these transactions is recognized when performance related outcomes are achieved and other conditions under the agreements are met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using an interest-free discount rate, when deemed material. Conditional promises to give are recognized when the conditions on which they depend are substantially 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, no allowance for doubtful accounts exists as of June 30, 2021. 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.

The School follows ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This requires that restricted cash and cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows.

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 various times of the year, cash balances may exceed federally insured limits. At June 30, 2021, there were no significant uninsured balances.

f. Capitalization Policy

Computer hardware, furniture and equipment are capitalized at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of 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 life of each asset, which generally is 3 years for computers and equipment.

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 services 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. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

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

- Payroll taxes and benefits
- Occupancy expense
- Office expenses
- Professional development
- Insurance
- 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 of Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2021, the School's initial filing, and later are subject to examination by applicable taxing authorities.

l. New Accounting Pronouncements

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.

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.

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

Note 3 - Government Grants Receivable – Per Pupil Funding

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

Funding based on allowable FTEs	\$389,216
Advances received	<u>(311,096)</u>
Ending receivable	<u>\$78,120</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:

Computers and equipment	\$11,315
Less: accumulated depreciation	<u>(2,190)</u>
Total fixed assets, net	<u>\$9,125</u>

Note 6 - Due to The Wildflower Foundation

As described in Note 1, TWF is a nonprofit entity established to support educators in opening and operating their own Wildflower schools. TWF paid certain start-up costs for the School during the period from inception through June 30, 2021. These costs were apart from TWF affiliation fees, which are waived for the first five years of operations under the provisional charter period. The cumulative amount due from the School to TWF was \$264,937 as of June 30, 2021.

Note 7 - Loans Payable

The School entered into two separate loan agreements during the year, which can be summarized as follows:

- On September 28, 2020, the School received an interest-free loan from another non-profit organization for \$46,137 to fund the School's operating expenses. The City of New York will withhold payments which it owes to the School to repay the balance on this loan. As of June 30, 2021, the balance on the loan was \$23,457.
- On December 3, 2020, the School received an interest-free loan from another non-profit organization for \$150,000 to support the School's response as it relates to COVID-19 distance learning. The loan matures on December 31, 2021. The full amount of the loan was outstanding as of June 30, 2021.

Note 8 - Significant Concentrations

The School and New York City Department of Education ("NYCDOE") signed an agreement, which permits the school to operate the charter. Approximately 47% of the School's total public support and revenue was received from NYCDOE from inception through June 30, 2021. If NYCDOE were to discontinue funding, it would have a severe economic impact on the School's ability to operate.

Note 9 - Commitments

The School occupies space under a lease that expires on June 30, 2022. Future minimum payments under this lease total \$107,525 for fiscal year 2022.

Note 10 - Availability and Liquidity

The School's financial assets available to meet cash needs for general expenditures within one year are \$614,735, which consist of cash and cash equivalents of \$63,816 and grants receivable due within one year of \$550,919 at June 30, 2021. 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

Subsequent events have been evaluated through October 21, 2021, the date the financial statements were issued. The Organization has concluded that no other material events have occurred that are not accounted for in the accompanying financial statements or disclosed in the accompanying notes.

Note 12 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the School operates. As of the date of the financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact 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
Wildflower New York 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 Wildflower New York Charter School (the "School"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the period from inception through June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2021.

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) as a basis for designing 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

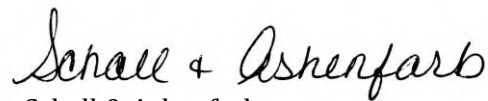
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


Schall & Ashenfarb
Certified Public Accountants, LLC

October 21, 2021

**WILDFLOWER NEW YORK CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

Current Year:

None

Prior Year:

None – This is the School’s first audit.