

**BRONX CHARTER SCHOOL FOR BETTER LEARNING**

**BRONX, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**OTHER FINANCIAL INFORMATION**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2022**

**(With Comparative Totals for 2021)**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Bronx Charter School for Better Learning

**Report on the Financial Statements**

*Opinion*

We have audited the financial statements of Bronx Charter School for Better Learning, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bronx Charter School for Better Learning as of June 30, 2022, 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.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bronx Charter School for Better Learning and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bronx Charter School for Better Learning's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bronx Charter School for Better Learning's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bronx Charter School for Better Learning's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

We have previously audited Bronx Charter School for Better Learning's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 28, 2022 on our consideration of Bronx Charter School for Better Learning'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 Bronx Charter School for Better Learning's internal control over other financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 28, 2022

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(With Comparative Totals for 2021)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 9,007,620	\$ 7,338,163
Certificates of deposit	1,422,857	1,421,812
Accounts receivable	367,965	245,603
Grants and contracts receivables	1,274,848	933,048
Prepaid expenses and other current assets	<u>66,084</u>	<u>35,440</u>
TOTAL CURRENT ASSETS	12,139,374	9,974,066
<u>PROPERTY AND EQUIPMENT</u> , net	703,781	416,476
<u>OTHER ASSET</u> - escrow account	<u>158,010</u>	<u>157,381</u>
TOTAL ASSETS	<u>\$ 13,001,165</u>	<u>\$ 10,547,923</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 332,234	\$ 96,686
Accrued payroll and benefits	1,511,151	1,529,510
Deferred revenue	<u>16,593</u>	<u>11,593</u>
TOTAL CURRENT LIABILITIES	1,859,978	1,637,789
 <u>NET ASSETS</u>		
Without donor restrictions	11,109,943	8,878,640
With donor restrictions	<u>31,244</u>	<u>31,494</u>
TOTAL NET ASSETS	<u>11,141,187</u>	<u>8,910,134</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,001,165</u>	<u>\$ 10,547,923</u>

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

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022  
 (With Comparative Totals for 2021)

	Year ended June 30,			2021
	2022		Total	
	Without donor restrictions	With donor restrictions		
Revenue, gains, and other support:				
Public school district				
Resident student enrollment	\$ 16,599,183	\$ -	\$ 16,599,183	\$ 16,300,115
Students with disabilities	1,419,925	-	1,419,925	1,392,795
Grants and contracts				
State and local	183,996	-	183,996	196,515
Federal - Title and IDEA	708,695	-	708,695	694,797
Federal - other	1,277,660	-	1,277,660	556,288
Contributed rent	4,979,755	-	4,979,755	4,890,035
TOTAL REVENUE, GAINS AND OTHER SUPPORT	25,169,214	-	25,169,214	24,030,545
Expenses:				
Program services:				
Regular education	17,589,016	-	17,589,016	15,326,873
Special education	3,611,535	-	3,611,535	3,533,521
Total program services	21,200,551	-	21,200,551	18,860,394
Management and general	1,435,260	-	1,435,260	1,385,566
Fundraising and special events	383,567	-	383,567	203,198
TOTAL OPERATING EXPENSES	23,019,378	-	23,019,378	20,449,158
SURPLUS FROM SCHOOL OPERATIONS	2,149,836	-	2,149,836	3,581,387
Support and other revenue:				
Contributions				
Foundations	51,541	-	51,541	70,400
Individuals	25,645	-	25,645	29,579
Fundraising	-	-	-	17,129
Interest income	3,955	-	3,955	18,875
Net assets released from restriction	250	(250)	-	-
Miscellaneous income	76	-	76	211
TOTAL SUPPORT AND OTHER REVENUE	81,467	(250)	81,217	136,194
CHANGE IN NET ASSETS	2,231,303	(250)	2,231,053	3,717,581
Net assets at beginning of year	8,878,640	31,494	8,910,134	5,192,553
NET ASSETS AT END OF YEAR	\$ 11,109,943	\$ 31,244	\$ 11,141,187	\$ 8,910,134

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

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022  
 (With Comparative Totals for 2021)

	No. of Positions	Year ended June 30,						Total	Total
		2022			2021				
		Program Services			Supporting Services				
Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total	Total		
Personnel services costs:									
Administrative staff personnel	10	\$ 60,253	\$ 30,126	\$ 90,379	\$ 500,094	\$ 197,050	\$ 697,144	\$ 787,523	\$ 565,469
Instructional personnel	149	8,155,980	1,753,878	9,909,858	-	-	-	9,909,858	8,655,277
Non-instructional personnel	19	1,335,939	201,573	1,537,512	224,230	17,596	241,826	1,779,338	1,648,512
Total personnel services costs	178	9,552,172	1,985,577	11,537,749	724,324	214,646	938,970	12,476,719	10,869,258
Fringe benefits and payroll taxes		2,350,884	487,248	2,838,132	179,025	52,912	231,937	3,070,069	2,927,986
Retirement		190,904	40,595	231,499	13,986	4,235	18,221	249,720	261,009
Legal service		-	-	-	(4,949)	-	(4,949)	(4,949)	46,034
Accounting / audit services		-	-	-	44,640	-	44,640	44,640	50,123
Other purchased / professional / consulting services		392,364	62,431	454,795	86,105	3,301	89,406	544,201	254,802
In-kind rent		3,812,388	792,826	4,605,214	288,895	85,646	374,541	4,979,755	4,890,035
Repairs and maintenance		135,253	28,828	164,081	9,874	2,996	12,870	176,951	166,839
Insurance		88,866	19,025	107,891	6,442	1,963	8,405	116,296	112,159
Utilities		114,534	24,228	138,762	8,458	2,548	11,006	149,768	146,149
Supplies and materials		140,429	23,644	164,073	5,998	1,765	7,763	171,836	121,900
Non-capitalized equipment/furnishings		14,462	3,095	17,557	1,049	320	1,369	18,926	3,351
Staff development		57,711	12,449	70,160	4,134	1,269	5,403	75,563	18,000
Marketing and recruitment		22,679	3,462	26,141	27,543	275	27,818	53,959	62,541
Technology		109,929	10,929	120,858	3,067	1,009	4,076	124,934	99,451
Food service		23,493	4,835	28,328	1,807	531	2,338	30,666	2,602
Student services		125,590	15,205	140,795	-	-	-	140,795	76,959
Office expense		153,510	32,779	186,289	11,174	3,397	14,571	200,860	98,911
Depreciation		253,495	53,343	306,838	18,874	5,657	24,531	331,369	228,893
Other		50,353	11,036	61,389	4,814	1,097	5,911	67,300	12,156
		\$ 17,589,016	\$ 3,611,535	\$ 21,200,551	\$ 1,435,260	\$ 383,567	\$ 1,818,827	\$ 23,019,378	\$ 20,449,158

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

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,231,053	\$ 3,717,581
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	331,369	228,893
Changes in certain assets and liabilities affecting operations:		
Accounts receivable	(122,362)	161,823
Grants and contracts receivables	(341,800)	(454,357)
Prepaid expenses and other current assets	(30,644)	(13,353)
Accounts payable and accrued expenses	235,548	39,081
Accrued payroll and benefits	(18,359)	2,975
Deferred revenue	5,000	(2,590)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	2,289,805	3,680,053
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(618,674)	(280,899)
Purchases of certificates of deposit	(1,045)	(15,466)
NET CASH USED FOR INVESTING ACTIVITIES	(619,719)	(296,365)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,670,086	3,383,688
Cash, cash equivalents, and restricted cash at beginning of year	7,495,544	4,111,856
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 9,165,630</u>	<u>\$ 7,495,544</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 9,007,620	\$ 7,338,163
Cash in escrow	158,010	157,381
	<u>\$ 9,165,630</u>	<u>\$ 7,495,544</u>
<u>NON-CASH OPERATING ACTIVITIES</u>		
Contributed rent	<u>\$ 4,979,755</u>	<u>\$ 4,890,035</u>

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



BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Bronx Charter School for Better Learning (“the Charter School”) is an educational corporation that operates as a charter school in the borough of Bronx, New York. The Charter School operates two schools, Bronx Charter School for Better Learning (“BBL I”) and Bronx Charter School for Better Learning II (“BBL II”). On March 25, 2003, the Board of Regents of the University of the State of New York granted BBL I a provisional charter valid for a term of five years and renewable upon expiration. On May 24, 2017, BBL I obtained a five year charter renewal with the ability to operate through July 31, 2023.

On July 22, 2014, the Board of Regents of the University of the State of New York amended the charter agreement permitting an additional school to be opened by the Charter School. During the 2015 fiscal year, the Charter School added BBL II under its expanded charter. BBL II has the authority to operate through July 31, 2025. The Charter School was established to provide its students in grades K-5 with a solid foundation for academic success, through achievement that exceeds citywide averages and meets or exceeds New York State Standards and national norms in all curriculum areas tested, especially in mathematics and language arts. The Charter School operates a Pre-K program which is not considered a chartered grade. There is a separate contract between the Charter School and the New York Department of Education regarding the operation of the Pre-K program.

The accompanying financial statements include the accounts of BBL I and BBL II (collectively referred to as the “Charter School”). All intercompany balances and transactions have been eliminated in the accompanying financial statements.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions*

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Charter School.

*Net Assets With Donor Restrictions*

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had net assets with donor restrictions of \$31,244 and \$31,494 at June 30, 2022 or 2021, respectively.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Revenue recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Charter School's public school district revenues qualify as exchange transactions and the revenues are earned over time.

Public School District Revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the Charter School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Universal Pre-Kindergarten (Pre-K)

Similar to public school district revenue, the Charter School recognizes Pre-K revenue as educational programming is provided to students throughout the year. The maximum revenue amount is based on a contractually determined fixed amount per student and the number of students enrolled at a point in time. This amount could be further reduced if actual costs incurred in providing the Pre-K program are less than the maximum calculated amount of the contract. Amounts are paid in installments throughout the course of the year, with the final 5% paid upon submission of all required documentation at the end of the contract year. Approximately \$184,000 and \$197,000 of funding was received during the years ending June 30, 2022 and 2021, respectively, and is included in the state and local grants line on the accompanying statement of activities and changes in net assets.

Fundraising

The Charter School conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event— the exchange component, and a portion represents a contribution to the Charter School. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Charter School. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Charter School, are recorded as fundraising expense in the statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Charter School. Special event fees collected by the Charter School in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

For special event fees received before year-end for an event to occur after year-end, the Charter School follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

The following tables summarizes contract balances at their respective statement of financial position dates:

	<u>June 30,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 367,965	\$ 245,603	\$ 407,426

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Approximately \$17,000 and \$12,000 was deferred at June 30, 2022 and 2021, respectively, mostly related to the Charter School's summer program.

Contributions and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no grant revenue deferred at June 30, 2022 and 2021, respectively. The Charter School received cost-reimbursement grants of approximately \$4,536,000 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred. At June 30, 2021, there were no cost-reimbursement grants that had yet not been recognized because qualifying expenditures had not yet been incurred.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Cash and cash equivalents

Cash and certain money market account balances are maintained at financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. The Charter School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In the normal course of business, the cash and cash equivalent account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Certificates of deposit

Certificates of deposit represent certificates of deposit with maturities of twelve months or less. These assets are carried at their original cost plus interest earned. In the normal course of business, the account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in certificates of deposit.

Accounts, grants and contracts receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2022 or 2021.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to five years.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Escrow account

The Charter School segregated certain certificates of deposit to fund an escrow account in accordance with the terms of their charter agreement. The amount in escrow as of June 30, 2022 and 2021 was \$158,010 and \$157,381, respectively. The escrow account is restricted to fund legal and other costs should the Charter School cease operations and dissolve.

Tax exempt status

The Charter School is a tax-exempt Charter School 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 Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2019 through June 30, 2022 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

In-kind donations

Gifts and donations other than cash are recorded at fair value at the date of contribution.

Contributed services

The Charter School receives contributed services from volunteers to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. The Charter School received donated transportation, food services and special education services from the local school district. The Charter School was unable to determine a value for these services.

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$54,000 and \$63,000 for the years ended June 30, 2022 and 2021, respectively.

Comparatives for year ended June 30, 2021

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. 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 Charter School's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standard - gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kinds recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and is being applied on a retrospective basis. The Charter School adopted this standard during the year ended June 30, 2022. See Note C.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

New accounting pronouncements - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School’s financial position or results of operations.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 28, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School’s main source of liquidity is its cash accounts and certificates of deposit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School’s cash and shows positive cash generated by operations for fiscal years 2022 and 2021.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE B: LIQUIDITY AND AVAILABILITY, Cont'd

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 9,007,620	\$ 7,338,163
Certificates of deposit	1,422,857	1,421,812
Accounts receivable	367,965	245,603
Grants and other receivables	<u>1,274,848</u>	<u>933,048</u>
Total financial assets available within one year	12,073,290	9,938,626
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>(31,244)</u>	<u>(31,494)</u>
Total amounts unavailable for general expenditures within one year	<u>(31,244)</u>	<u>(31,494)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 12,042,046</u>	<u>\$ 9,907,132</u>

To help manage unanticipated liquidity needs, the Charter School has a committed line of credit in the amount of \$200,000 which it could draw upon. There was no outstanding balance at June 30, 2022 or 2021.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE C: SCHOOL FACILITY

The Charter School has an agreement with the New York City Department of Education for dedicated and shared space of approximately 32,000 square feet at no charge at P.S. 111 Annex, a New York City Public School located at 3740 Baychester Avenue, Bronx, New York. In valuing the contributed space in the school building, the Charter School estimated the fair value of \$2,782,314 and \$2,683,611 for the years ended June 30, 2022 and 2021, respectively, on the basis of financial information provided to the Charter School under the New York City Rental Assistance Program. There were no associated donor restrictions with the contributed facility.

The Charter School has an agreement with the New York City Department of Education for dedicated and shared space of approximately 20,000 square feet at no charge at MS 144, a New York City Public School located at 2545 Gunther Avenue, Bronx, New York. In valuing the contributed space in the school building, the Charter School estimated the fair value of \$2,197,441 and \$2,206,424 for the years ended June 30, 2022 and 2021, respectively, on the basis of financial information provided to the Charter School under the New York City Rental Assistance Program. There were no associated donor restrictions with the contributed facility.

See the table below for program utilization:

<u>Program or Supporting Service</u>	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Regular education	\$ 3,812,388	\$ 3,744,252
Special education	792,826	776,870
Management and general	288,895	84,223
Fundraising and special events	85,646	284,690
	<u>\$ 4,979,755</u>	<u>\$ 4,890,035</u>

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 838,756	\$ 785,744
Computer equipment	2,427,583	1,861,921
	3,266,339	2,647,665
Less accumulated depreciation	2,562,558	2,231,189
	<u>\$ 703,781</u>	<u>\$ 416,476</u>



BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE E: LINE OF CREDIT

The Charter School entered into a \$200,000 line of credit agreement with a bank during 2013. Interest is payable at prime plus 75 basis points (effective rate of 5.50% at June 30, 2022). There was no outstanding balance at June 30, 2022 and 2021. The line is secured by a certain certificate of deposit held by the Charter School.

NOTE F: OPERATING LEASES

The Charter School leases office equipment under certain non-cancelable lease agreements expiring through June 2027. Lease expense was approximately \$158,000 and \$154,000 for the years ended June 30, 2022 and 2021, respectively. The future approximate minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 231,000
2024	158,000
2025	158,000
2026	158,000
2027	158,000
	<u>\$ 863,000</u>

NOTE G: RETIREMENT PLAN

The Charter School sponsors a 403(b) retirement plan (the "Plan") for its employees. All employees of the Charter School are eligible to participate. The Charter School matches 100% of the employee's contributions up to \$2,520 per year. During the years ended June 30, 2022 and 2021, the Charter School contributed approximately \$250,000 and \$261,000, respectively, to the Plan.

NOTE H: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE I: CONCENTRATIONS

At June 30, 2022 and 2021, accounts receivable and grants and contracts receivables are comprised of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Federal Government	74%	78%
Mt. Vernon Department of Education	21%	15%

\* below 10% of receivables

During the years ended June 30, 2022 and 2021, approximately 72% and 74%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE J: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Undesignated	\$ 10,406,162	\$ 8,462,164
Invested in property and equipment	<u>703,781</u>	<u>416,476</u>
	<u>\$ 11,109,943</u>	<u>\$ 8,878,640</u>

Net assets with donor restrictions consisted of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Scholarship fund	\$ 31,244	\$ 31,494

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

NOTE K: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE L: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized approximately \$1,056,000 and \$434,000 of revenue relative to ESSER grants during the years ended June 30, 2022 and 2021, respectively.

NOTE M: RENEWAL PROCESS

The Charter School is currently in the process of renewing its charters as part of an effort to synchronize the renewal timeline for all BBL schools. The BBL I charter currently expires effective July 31, 2023. The BBL II charter currently expires effective July 31, 2025. The renewal process includes review by the State University of New York Charter Schools Institute (“CSI”) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. The Charter School has submitted its application for renewal. Upon review of the application and results, CSI will determine if the charters should be renewed and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Charter School expects the charters to be renewed.

**BRONX CHARTER SCHOOL FOR BETTER LEARNING**

**OTHER FINANCIAL INFORMATION**

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees  
Bronx Charter School for Better Learning

We have audited the financial statements of Bronx Charter School for Better Learning as of and for the year ended June 30, 2022, and have issued our report thereon dated October 28, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2022, as a whole.

*Mengel, Metzger, Barr & Co. LLP*

Rochester, New York  
October 28, 2022

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2022

	Bronx Charter School for Better Learning I	Bronx Charter School for Better Learning II	Eliminations	Total
Revenue, gains, and other support:				
Public school district				
Resident student enrollment	\$ 9,274,379	\$ 7,324,804	\$ -	\$ 16,599,183
Students with disabilities	777,363	642,562	-	1,419,925
Grants and contracts				
State and local	183,996	-	-	183,996
Federal - Title and IDEA	398,279	310,416	-	708,695
Federal - other	721,807	555,853	-	1,277,660
Contributed rent	<u>2,782,314</u>	<u>2,197,441</u>	-	<u>4,979,755</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	14,138,138	11,031,076	-	25,169,214
Expenses:				
Program services:				
Regular education	9,871,210	7,717,806	-	17,589,016
Special education	<u>2,233,853</u>	<u>1,377,682</u>	-	<u>3,611,535</u>
Total program services	12,105,063	9,095,488	-	21,200,551
Management and general	734,377	700,883	-	1,435,260
Fundraising and special events	<u>202,892</u>	<u>180,675</u>	-	<u>383,567</u>
TOTAL OPERATING EXPENSES	<u>13,042,332</u>	<u>9,977,046</u>	-	<u>23,019,378</u>
SURPLUS FROM SCHOOL OPERATIONS	1,095,806	1,054,030	-	2,149,836
Support and other revenue:				
Contributions				
Foundations	49,790	1,751	-	51,541
Individuals	25,012	633	-	25,645
Interest income	3,955	-	-	3,955
Miscellaneous income	<u>76</u>	-	-	<u>76</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>78,833</u>	<u>2,384</u>	-	<u>81,217</u>
CHANGE IN NET ASSETS	1,174,639	1,056,414	-	2,231,053
Net assets at beginning of year	<u>4,410,453</u>	<u>4,499,681</u>	-	<u>8,910,134</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,585,092</u>	<u>\$ 5,556,095</u>	<u>\$ -</u>	<u>\$ 11,141,187</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES – BRONX CHARTER SCHOOL FOR BETTER LEARNING I

YEAR ENDED JUNE 30, 2022

	Year ended June 30, 2022							
	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	5	\$ 29,718	\$ 14,859	\$ 44,577	\$ 246,657	\$ 105,943	\$ 352,600	\$ 397,177
Instructional personnel	84	4,572,219	1,088,443	5,660,662	-	-	-	5,660,662
Non-instructional personnel	10	681,508	108,134	789,642	93,270	5,922	99,192	888,834
Total personnel services costs	99	5,283,445	1,211,436	6,494,881	339,927	111,865	451,792	6,946,673
Fringe benefits and payroll taxes		1,270,650	291,346	1,561,996	81,751	26,903	108,654	1,670,650
Retirement		124,635	28,577	153,212	8,019	2,639	10,658	163,870
Legal service		-	-	-	(4,949)	-	(4,949)	(4,949)
Accounting / audit services		-	-	-	29,065	-	29,065	29,065
Other purchased / professional / consulting services		280,188	47,585	327,773	72,884	2,483	75,367	403,140
In-kind rent		2,116,150	485,210	2,601,360	136,149	44,805	180,954	2,782,314
Repairs and maintenance		89,694	20,566	110,260	5,771	1,899	7,670	117,930
Insurance		60,695	13,916	74,611	3,905	1,285	5,190	79,801
Utilities		72,147	16,543	88,690	4,642	1,528	6,170	94,860
Supplies and materials		78,624	14,134	92,758	2,608	858	3,466	96,224
Non-capitalized equipment/furnishings		9,856	2,260	12,116	634	209	843	12,959
Staff development		41,369	9,485	50,854	2,662	876	3,538	54,392
Marketing and recruitment		8,808	1,119	9,927	26,515	-	26,515	36,442
Technology		47,664	10,929	58,593	3,067	1,009	4,076	62,669
Food service		11,989	2,749	14,738	771	254	1,025	15,763
Student services		78,758	10,005	88,763	-	-	-	88,763
Office expense		103,049	23,628	126,677	6,630	2,182	8,812	135,489
Depreciation		153,763	35,256	189,019	9,893	3,256	13,149	202,168
Other		39,726	9,109	48,835	4,433	841	5,274	54,109
		<u>\$ 9,871,210</u>	<u>\$ 2,233,853</u>	<u>\$12,105,063</u>	<u>\$ 734,377</u>	<u>\$ 202,892</u>	<u>\$ 937,269</u>	<u>\$13,042,332</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES – BRONX CHARTER SCHOOL FOR BETTER LEARNING II

YEAR ENDED JUNE 30, 2022

	Year ended June 30, 2022							
	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	5	\$ 30,535	\$ 15,267	\$ 45,802	\$ 253,437	\$ 91,107	\$ 344,544	\$ 390,346
Instructional personnel	65	3,583,761	665,435	4,249,196	-	-	-	4,249,196
Non-instructional personnel	9	654,431	93,439	747,870	130,960	11,674	142,634	890,504
Total personnel services costs	79	4,268,727	774,141	5,042,868	384,397	102,781	487,178	5,530,046
Fringe benefits and payroll taxes		1,080,234	195,902	1,276,136	97,274	26,009	123,283	1,399,419
Retirement		66,269	12,018	78,287	5,967	1,596	7,563	85,850
Accounting / audit services		-	-	-	15,575	-	15,575	15,575
Other purchased / professional / consulting services		112,176	14,846	127,022	13,221	818	14,039	141,061
In-kind rent		1,696,238	307,616	2,003,854	152,746	40,841	193,587	2,197,441
Repairs and maintenance		45,559	8,262	53,821	4,103	1,097	5,200	59,021
Insurance		28,171	5,109	33,280	2,537	678	3,215	36,495
Utilities		42,387	7,685	50,072	3,816	1,020	4,836	54,908
Supplies and materials		61,805	9,510	71,315	3,390	907	4,297	75,612
Non-capitalized equipment/furnishings		4,606	835	5,441	415	111	526	5,967
Staff development		16,342	2,964	19,306	1,472	393	1,865	21,171
Marketing and recruitment		13,871	2,343	16,214	1,028	275	1,303	17,517
Technology		62,265	-	62,265	-	-	-	62,265
Food service		11,504	2,086	13,590	1,036	277	1,313	14,903
Student services		46,832	5,200	52,032	-	-	-	52,032
Office expense		50,461	9,151	59,612	4,544	1,215	5,759	65,371
Depreciation		99,732	18,087	117,819	8,981	2,401	11,382	129,201
Other		10,627	1,927	12,554	381	256	637	13,191
		<u>\$ 7,717,806</u>	<u>\$ 1,377,682</u>	<u>\$ 9,095,488</u>	<u>\$ 700,883</u>	<u>\$ 180,675</u>	<u>\$ 881,558</u>	<u>\$ 9,977,046</u>



**BRONX CHARTER SCHOOL FOR BETTER LEARNING**

**BRONX, NEW YORK**

**SCHEDULES REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS AND**  
**THE UNIFORM GUIDANCE**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2022**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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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

Board of Trustees  
Bronx Charter School for Better Learning

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 Bronx Charter School for Better Learning, which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, 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 28, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bronx Charter School for Better Learning's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bronx Charter School for Better Learning's internal control. Accordingly, we do not express an opinion on the effectiveness of Bronx Charter School for Better Learning'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 Bronx Charter School for Better Learning's financial statements are free from 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.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 28, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees  
Bronx Charter School for Better Learning

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Bronx Charter School for Better Learning's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bronx Charter School for Better Learning's major federal programs for the year ended June 30, 2022. Bronx Charter School for Better Learning's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bronx Charter School for Better Learning complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bronx Charter School for Better Learning and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bronx Charter School for Better Learning's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Bronx Charter School for Better Learning's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bronx Charter School for Better Learning's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance Bronx Charter School for Better Learning's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bronx Charter School for Better Learning's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bronx Charter School for Better Learning's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bronx Charter School for Better Learning's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Bronx Charter School for Better Learning as of and for the year ended June 30, 2022, and have issued our report thereon dated October 28, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Mengel, Metzger, Bar & Co. LLP*

Rochester, New York  
October 28, 2022

BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

	<u>Federal AL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education:			
<u>Passed through New York State Education Department:</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 513,891
Title IIA - Improving Teacher Quality	84.367	0147	67,433
Title IV - Student Support and Academic Enrichment Program	84.424	0204	38,359
<u>Education Stabilization Funds -</u>			
ESSER II - Elementary and Secondary School Emergency Relief Fund	84.425D	5891	493,961
ARP ESSER - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	5880	<u>561,768</u>
<i>Total Education Stabilization Funds</i>			<u>1,055,729</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,675,412</u>
TOTAL ALL PROGRAMS			<u>\$ 1,675,412</u>

NOTE A: BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of Bronx Charter School for Better Learning and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Bronx Charter School for Better Learning has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.



BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

SUMMARY OF AUDITOR'S RESULTS

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Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness (es) identified?	_____	yes <u>  x  </u>	no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes <u>  x  </u>	none reported
Noncompliance material to financial statements noted?	_____	yes <u>  x  </u>	no

Federal Awards

Internal control over major programs:			
• Material weakness (es) identified?	_____	yes <u>  x  </u>	no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes <u>  x  </u>	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____	yes <u>  x  </u>	no

Identification of major program:

*AL Number:*

84.425D & 84.425U

*Name of Federal Program or Cluster:*

ESSER II & ARP ESSER

Dollar threshold used to distinguish between type A and type B programs:

      \$750,000      

Auditee qualified as low-risk auditee?	_____	yes <u>  x  </u>	no
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BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd

YEAR ENDED JUNE 30, 2022

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.