

**EARL MONROE NEW RENAISSANCE BASKETBALL
CHARTER SCHOOL**

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Earl Monroe New Renaissance Basketball Charter School

Opinion

We have audited the accompanying financial statements of Earl Monroe New Renaissance Basketball Charter School, 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 period from January 2, 2019 (date of inception) to June 30, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Earl Monroe New Renaissance Basketball Charter School as of June 30, 2022, and the changes in its net assets and its cash flows for the period from January 2, 2019 (date of inception) to June 30, 2022, 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 Earl Monroe New Renaissance Basketball Charter School, 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 Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of Earl Monroe New Renaissance Basketball Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Earl Monroe New Renaissance Basketball Charter 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 Earl Monroe New Renaissance Basketball Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 17, 2022

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 566,445
Grants and other receivables	91,832
Pledges receivable - current portion	233,500
Prepaid expenses	<u>149,417</u>
TOTAL CURRENT ASSETS	1,041,194

<u>PROPERTY AND EQUIPMENT, net</u>	690,909
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OTHER ASSETS

Pledges receivable, net of current portion	245,890
Security deposit	156,667
Cash in escrow	<u>25,003</u>
	<u>427,560</u>
TOTAL ASSETS	<u>\$ 2,159,663</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 272,315
Accrued payroll and benefits	<u>90,301</u>
TOTAL CURRENT LIABILITIES	362,616

DEFERRED LEASE LIABILITY

	<u>131,587</u>
TOTAL LIABILITIES	<u>494,203</u>

NET ASSETS

Without donor restrictions	1,241,070
With donor restrictions	<u>424,390</u>
TOTAL NET ASSETS	<u>1,665,460</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,159,663</u>

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Public school district			
Resident student enrollment	\$ 1,873,474	\$ -	\$ 1,873,474
Students with disabilities	330,364	-	330,364
Grants and contracts			
State and local	3,260	-	3,260
Federal - Title and IDEA	101,122	-	101,122
Federal - Other	1,668,023	-	1,668,023
NYC DoE rental assistance	562,042	-	562,042
TOTAL REVENUE, GAINS AND OTHER SUPPORT	4,538,285	-	4,538,285
Expenses:			
Program services:			
Regular education	2,962,508	-	2,962,508
Special education	1,086,099	-	1,086,099
TOTAL PROGRAM SERVICES	4,048,607	-	4,048,607
Management and general	1,855,224	-	1,855,224
TOTAL OPERATING EXPENSES	5,903,831	-	5,903,831
DEFICIT FROM SCHOOL OPERATIONS	(1,365,546)	-	(1,365,546)
Support and other revenue:			
Contributions:			
Foundations	818,832	65,834	884,666
Individuals	1,171,275	358,556	1,529,831
Corporations	616,500	-	616,500
Miscellaneous income	9	-	9
TOTAL SUPPORT AND OTHER REVENUE	2,606,616	424,390	3,031,006
CHANGE IN NET ASSETS	1,241,070	424,390	1,665,460
Net assets at beginning of year	-	-	-
NET ASSETS AT END OF YEAR	\$ 1,241,070	\$ 424,390	\$ 1,665,460

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Sub-total	Management and General	Sub-total	
Personnel services costs:							
Administrative staff personnel	8	\$ 347,561	\$ 111,496	\$ 459,057	\$ 340,587	\$ 340,587	\$ 799,644
Instructional personnel	18	766,039	356,798	1,122,837	-	-	1,122,837
Non-instructional personnel	4	34,481	11,061	45,542	147,739	147,739	193,281
Total salaries and wages	30	1,148,081	479,355	1,627,436	488,326	488,326	2,115,762
Fringe benefits and payroll taxes		208,386	87,007	295,393	88,635	88,635	384,028
Retirement		46,817	19,548	66,365	19,913	19,913	86,278
Legal services		-	-	-	132,511	132,511	132,511
Accounting/audit services		-	-	-	27,100	27,100	27,100
Other purchased/professional/consulting services		265,548	85,186	350,734	313,255	313,255	663,989
Building and land rent/lease		618,281	198,341	816,622	439,536	439,536	1,256,158
Repairs and maintenance		131,597	42,215	173,812	93,552	93,552	267,364
Insurance		18,437	5,915	24,352	13,107	13,107	37,459
Supplies/materials		112,618	36,127	148,745	-	-	148,745
Equipment/furnishings		5,172	1,659	6,831	3,676	3,676	10,507
Leased equipment		4,958	1,591	6,549	3,525	3,525	10,074
Staff development		12,965	4,159	17,124	9,217	9,217	26,341
Marketing/recruitment		183,170	58,760	241,930	82,836	82,836	324,766
Technology		25,368	8,138	33,506	18,034	18,034	51,540
Student services		74,456	23,885	98,341	-	-	98,341
Office expense		5,326	1,708	7,034	44,474	44,474	51,508
Travel and conferences		44	14	58	31	31	89
Depreciation and amortization		101,284	32,491	133,775	72,003	72,003	205,778
Other		-	-	-	5,493	5,493	5,493
		<u>\$ 2,962,508</u>	<u>\$ 1,086,099</u>	<u>\$ 4,048,607</u>	<u>\$ 1,855,224</u>	<u>\$ 1,855,224</u>	<u>\$ 5,903,831</u>

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF CASH FLOWS

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

CASH FLOWS - OPERATING ACTIVITIES

Change in net assets	\$ 1,665,460
Adjustments to reconcile change in net assets to net cash provided from operating activities:	
Depreciation and amortization	205,778
Changes in certain assets and liabilities affecting operations:	
Grants and other receivables	(91,832)
Pledges receivable	(479,390)
Prepaid expenses	(149,417)
Security deposit	(156,667)
Accounts payable and accrued expenses	272,315
Accrued payroll and benefits	90,301
Deferred lease liability	131,587
	<hr/>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	1,488,135

CASH FLOWS - INVESTING ACTIVITIES

Purchases of property and equipment	<hr/> (896,687)
NET CASH USED FOR INVESTING ACTIVITIES	<hr/> (896,687)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	591,448

Cash, cash equivalents and restricted cash at beginning of period	<hr/> -
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	<hr/> <hr/> \$ 591,448

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

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	\$ 566,445
Cash in escrow	25,003
	<hr/> <hr/> \$ 591,448

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Earl Monroe New Renaissance Basketball Charter School (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School provides high school students with a rigorous academic program in the context of basketball, historically “New York’s Game.” The school graduates students with a college preparatory education and career readiness to succeed in the basketball and other sports-related industries. On January 2, 2019 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration on July 31, 2025. On October 17, 2019, the Charter School was granted a request to delay the opening of the Charter School until the 2021-2022 school year and with that an extension of the provisional charter for an additional year, renewable upon expiration on July 31, 2026. Effective January 22, 2021, the original charter agreement was revised to change the name of the Charter School from Lewis Katz New Renaissance Basketball Academy Charter School to Earl Monroe New Renaissance Basketball Charter School.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

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 of the Charter School are reported in the following self-balancing net asset groups:

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 \$424,390 at June 30, 2022.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

NOTE A: THE CHARTER 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 records substantially all revenue over time as follows:

State and local per pupil revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil 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 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.

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

There were no contract assets or liabilities at June 30, 2022.

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.

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.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

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

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 consolidated 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 and amounted to \$91,832 at June 30, 2022. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no deferred revenue at June 30, 2022. The Charter School received cost-reimbursement grants of approximately \$259,000 that has not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred.

Cash and cash equivalents

Cash and cash equivalents balances include demand deposit accounts and certain money market accounts, and are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash 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.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first three years of instruction and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. The amount in escrow was \$25,003 at June 30, 2022.

Grants and other 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.

Pledges receivable

Pledges receivable represent unconditional promises to give. Those that are expected to be collected within one year are recorded at their realizable value. Those that are to be collected in future years are recorded at the present value of estimated future collections. Discounts on those amounts are computed using an interest rate applicable to the year in which the promise is received. The gross value and the net present value of the pledges receivable was approximately \$485,700 and \$479,400 at June 30, 2022, respectively.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

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

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from two to seven years. Leasehold improvements are being amortized over the lesser of the assets' useful lives or the remaining term of the lease.

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.

Deferred lease liability

The Charter School leases its facility. The lease contains significant pre-determined fixed escalations of the base rent. In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts paid under the lease as a deferred lease liability. The amount of additional rent expense in excess of rent paid under the lease was \$131,587 for the period from January 2, 2019 (date of inception) through June 30, 2022.

Contributed goods and services

The Charter School received transportation services, a nurse, speech therapist, occupational therapist, physical therapist and food supplies and services from the local district. The Charter School was unable to determine a value for these services.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2020 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.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$325,000 for the period from January 2, 2019 (date of inception) through June 30, 2022.

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.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

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

New accounting pronouncement - 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.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 17, 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.

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 the period from January 2, 2019 (date of inception) through June 30, 2022.

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 at June 30, 2022:

	<u>Amount</u>
Cash and cash equivalents	\$ 566,445
Grants and other receivables	91,832
Pledges receivable	<u>233,500</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 891,777</u>

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

NOTE C: NET ASSETS

Net assets without donor restrictions are as follows:

Undesignated	\$ 550,161
Invested in property and equipment	<u>690,909</u>
	<u>\$ 1,241,070</u>

Net assets with donor restrictions are as follows:

Time restricted - unrestricted pledges due in future periods	<u>\$ 424,390</u>
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NOTE D: PLEDGES RECEIVABLE

Pledges to be received after June 30, 2022 are recorded at their estimated net present value using a discount rate of 2%. Future payments to be received on the pledges receivable are as follows:

Within one year	\$ 233,500
In one to five years	<u>252,168</u>
	485,668
Less:	
Discount to net present value	<u>(6,278)</u>
	<u>\$ 479,390</u>

NOTE E: PROPERTY AND EQUIPMENT

At June 30, 2022, property and equipment consisted of the following:

Furniture and fixtures	\$ 195,517
Leasehold improvements	464,877
Office equipment	57,033
Computers and equipment	<u>179,260</u>
	896,687
Less accumulated depreciation and amortization	<u>205,778</u>
	<u>\$ 690,909</u>

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

NOTE F: SCHOOL FACILITY

In January 2021, the Charter School entered into a sublease agreement with a related party, Friends of New Renaissance Basketball Academy Charter School, Inc. ("Sublandlord") for property located at 1617 Parkview Avenue, Bronx, NY. The Sublandlord has entered into a related lease with an unrelated third party ("Overlandlord") which is guaranteed by the Charter School. The terms of that agreement are the same as the sublease. The sublease commences February 1, 2021 and expires June 30, 2024. The sublease also provides for the opportunity for two renewal periods, each with a one-year term. The sublease calls for base rent of \$200,000 for the period February 1, 2021 through June 30, 2021 followed by annual rent of approximately \$925,000 for the year ended June 30, 2022 with subsequent annual increases until annual base rent approximates \$962,000 for the year ended June 30, 2024. The sublease required a security deposit of \$156,667 to be made with the Overlandlord which is included in the accompanying statement of financial position at June 30, 2022.

Total rental expense was approximately \$1,256,000 for the period from January 2, 2019 (date of inception) to June 30, 2022. At June 30, 2022, a related deferred lease liability of \$131,587 is included in the accompanying statement of financial position at June 30, 2022.

The future minimum payments on these agreements are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 943,000
2024	962,000
	<u>\$ 1,905,000</u>

NOTE G: OPERATING LEASES

The Charter School leases office equipment under a non-cancelable lease agreement with monthly payments of \$868 through June 2024. The approximate future minimum payments on this lease agreement are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 10,416
2024	10,416
Total	<u>\$ 20,832</u>

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.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2022

NOTE I: CONCENTRATIONS

At June 30, 2022, 100% of grants and other receivables are due from the federal government relating to certain grants.

For the period from January 2, 2019 (date of inception) to June 30, 2022, approximately 49% and 39% of total operating revenue and support came from per-pupil funding provided by the New York City School District and grants from the federal government, respectively. 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: RETIREMENT PLAN

The Charter School sponsors a 403(b) retirement plan (the "Plan") for its employees. The Plan allows for the Charter School to make discretionary contributions to the Plan. The Charter School contributed approximately \$81,000 to the Plan for the year ended June 30, 2022.

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 (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 \$372,598 of revenue relative to ESSER grants during the period from January 2, 2019 (date of inception) to June 30, 2022. As of June 30, 2022, the Charter School has approximately \$259,000 of ESSER grants available for expenditure through September 30, 2024.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Earl Monroe New Renaissance Basketball Charter School

We have audited the financial statements of Earl Monroe New Renaissance Basketball Charter School as of June 30, 2022 and for the period from January 2, 2019 (date of inception) to June 30, 2022, and have issued our report thereon dated October 17, 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 as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 17, 2022

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2022 AND THE PERIOD FROM
JANUARY 2, 2019 (DATE OF INCEPTION) TO JUNE 30, 2021

	Year ended June 30, 2022	Period from January 2, 2019 (date of inception) to June 30, 2021	Total
Revenue, gains and other support:			
Public school district			
Resident student enrollment	\$ 1,873,474	\$ -	\$ 1,873,474
Students with disabilities	330,364	-	330,364
Grants and contracts			
State and local	3,260	-	3,260
Federal - Title and IDEA	101,122	-	101,122
Federal - Other	890,804	777,219	1,668,023
NYC DOE Rental Assistance	562,042	-	562,042
TOTAL REVENUE, GAINS AND OTHER SUPPORT	3,761,066	777,219	4,538,285
Personnel services costs:			
Administrative staff personnel	671,557	128,087	799,644
Instructional personnel	1,118,641	4,196	1,122,837
Non-instructional personnel	168,281	25,000	193,281
Total salaries and wages	1,958,479	157,283	2,115,762
Fringe benefits and payroll taxes	362,208	21,820	384,028
Retirement	86,278	-	86,278
Legal services	30,726	101,785	132,511
Accounting/Audit services	25,100	2,000	27,100
Other purchased/professional/consulting services	387,513	276,476	663,989
Building and land rent/lease	886,701	369,457	1,256,158
Repairs and maintenance	266,544	820	267,364
Insurance	27,690	9,769	37,459
Supplies/materials	147,260	1,485	148,745
Equipment/furnishings	10,507	-	10,507
Leased equipment	10,074	-	10,074
Staff development	26,341	-	26,341
Marketing/recruitment	202,644	122,122	324,766
Technology	48,540	3,000	51,540
Student services	96,656	1,685	98,341
Office expense	45,216	6,292	51,508
Travel	89	-	89
Depreciation and amortization	205,778	-	205,778
Other	3,862	1,631	5,493
TOTAL OPERATING EXPENSES	4,828,206	1,075,625	5,903,831
DEFICIT FROM SCHOOL OPERATIONS	(1,067,140)	(298,406)	(1,365,546)
Support and other revenue:			
Contributions:			
Foundations	622,166	262,500	884,666
Individuals	805,331	724,500	1,529,831
Corporations	575,500	41,000	616,500
Miscellaneous income	8	1	9
TOTAL SUPPORT AND OTHER REVENUE	2,003,005	1,028,001	3,031,006
CHANGE IN NET ASSETS	\$ 935,865	\$ 729,595	\$ 1,665,460

**EARL MONROE NEW RENAISSANCE BASKETBALL
CHARTER SCHOOL**

REPORT TO THE FINANCE COMMITTEE

JUNE 30, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants



October 17, 2022

Board of Trustees
Earl Monroe New Renaissance Basketball Charter School

We have audited the financial statements of Earl Monroe New Renaissance Basketball Charter School as of June 30, 2022 and for the period from January 2, 2019 (date of inception) to June 30, 2022, and have issued our report thereon dated October 17, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 17, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Earl Monroe New Renaissance Basketball Charter School solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Principal and outsourced finance team who review the draft financial statements prior to issuance and accept responsibility for them.

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Significant Risks Identified

We have identified the following significant risks:

- Management override
- Revenue recognition
- Improper allocation of expenses to grants
- Misappropriation of assets

Professional auditing standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Earl Monroe New Renaissance Basketball Charter School is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allocations of operating expenses to program expenses, management and general expenses, and fundraising expenses and the collectability of grants and other receivables. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Earl Monroe New Renaissance Basketball Charter School's financial statements relate to revenue and support recognition and lease commitments, which is referred to in the notes of the financial statements.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We are pleased to report we encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Earl Monroe New Renaissance Basketball Charter School's financial statements or the auditor's report. We are pleased to report no such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Earl Monroe New Renaissance Basketball Charter School, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Earl Monroe New Renaissance Basketball Charter School's auditors.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

Should you desire further information concerning these matters, Michelle Cain or Kevin Kopp will be happy to meet with you at your convenience.

This report is intended solely for the information and use of the Board of Trustees and management of Earl Monroe New Renaissance Basketball Charter School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR & CO. LLP

**EARL MONROE NEW RENAISSANCE BASKETBALL
CHARTER SCHOOL**

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
Earl Monroe New Renaissance Basketball Charter School

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 Earl Monroe New Renaissance Basketball Charter School, 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 period January 2, 2019 (date of inception) to June 30, 2022 and the related notes to the financial statements and have issued our report thereon dated October 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Earl Monroe New Renaissance Basketball Charter 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 Earl Monroe New Renaissance Basketball Charter School'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 17, 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
Earl Monroe New Renaissance Basketball Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School's major federal programs for the year ended June 30, 2022. Earl Monroe New Renaissance Basketball Charter School'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, Earl Monroe New Renaissance Basketball Charter School 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 Earl Monroe New Renaissance Basketball Charter School 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 Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School'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 about Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School'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 Earl Monroe New Renaissance Basketball Charter School as of June 30, 2022, and for the period January 2, 2019 (date of inception) to June 30, 2022, and have issued our report thereon dated October 17, 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, Baw & Co. LLP

Rochester, New York
October 17, 2022

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

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	\$ 61,603
Title IIA - Supporting Effective Instruction			
State Grant	84.367	0147	7,576
Charter Schools Program - Planning and Implementation	84.282	0089	472,781
<u>Education Stabilization Funds -</u>			
ESSER II - Elementary and Secondary School			
Emergency Relief Fund	84.425D	5891	148,999
ARP ESSER - American Rescue Plan-Elementary			
and Secondary School Emergency Relief	84.425U	5880	223,599
<i>Total Education Stabilization Funds</i>			<u>372,598</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			914,558
 Federal Communications Commission:			
<u>Passed through the Universal Service</u>			
<u>Administrative Company</u>			
Emergency Connectivity Fund Program - COVID	32.009		<u>45,425</u>
TOTAL FEDERAL			
COMMUNICATIONS COMMISSION			<u>45,425</u>
 TOTAL ALL PROGRAMS			<u>\$ 959,983</u>

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Cont'd

YEAR ENDED JUNE 30, 2022

NOTE A: BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of Earl Monroe New Renaissance Basketball Charter School 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.

Earl Monroe New Renaissance Basketball Charter School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to financial statements noted?

 yes x no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes x 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 2 CFR 200.516(a)?

 yes x no

Identification of major program:

AL Number:

84.425D & 84.425U
32.009

Name of Federal Program or Cluster:

ESSER II & ARP ESSER
Emergency Connectivity Fund Program - COVID

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

 \$750,000

Auditee qualified as low-risk auditee?

 yes x no

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

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