
**GRAND CONCOURSE ACADEMY
CHARTER SCHOOL AND SUBSIDIARY**

**Consolidated Financial Statements
with Supplementary Information**

For the years ended June 30, 2022 and 2021

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Trustees of
Grand Concourse Academy Charter School and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Grand Concourse Academy Charter School and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grand Concourse Academy Charter School and Subsidiary as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Grand Concourse Academy Charter School and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Concourse Academy Charter School and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Grand Concourse Academy Charter School and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Concourse Academy Charter School and Subsidiary'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.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying supplementary financial information on page 17 is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of Grand Concourse Academy Charter School and Subsidiary’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 Grand Concourse Academy Charter School and Subsidiary’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 Grand Concourse Academy Charter School and Subsidiary’s internal control over financial reporting and compliance.

NChing LLP

New York, New York
October 31, 2022

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Financial Position**

As of June 30,

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 12,115,148	\$ 11,595,363
Accounts and grants receivable	1,113,613	424,349
Other receivable	731	11,836
Prepaid expenses	14,785	17,803
	<hr/>	<hr/>
Total current assets	13,244,277	12,049,351
	<hr/>	<hr/>
Property and equipment, net - Note 4	2,362,601	2,082,498
	<hr/>	<hr/>
Other assets		
Reserve for contingency	75,086	75,079
Escrow for building fund	313,903	-
Utility deposits	16,500	16,500
	<hr/>	<hr/>
Total assets	<u>\$ 16,012,367</u>	<u>\$ 14,223,428</u>
	<hr/>	<hr/>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 251,252	\$ 127,334
Accrued salaries and other payroll related expenses - Note 5	1,123,620	962,987
Deferred revenue	265,539	92,468
	<hr/>	<hr/>
Total current liabilities	1,640,411	1,182,789
	<hr/>	<hr/>
Total liabilities	1,640,411	1,182,789
	<hr/>	<hr/>
Net assets without donor restrictions		
Reserve - contingency	75,086	75,079
Undesignated	14,296,870	12,965,560
	<hr/>	<hr/>
Total net assets without donor restrictions	14,371,956	13,040,639
	<hr/>	<hr/>
Total liabilities and net assets without donor restrictions	<u>\$ 16,012,367</u>	<u>\$ 14,223,428</u>
	<hr/>	<hr/>

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Activities**

For the years ended June 30,

	<u>2022</u>	<u>2021</u>
<u>Operating revenue and other support</u>		
State and local per pupil operating revenue		
General education	\$ 11,338,786	\$ 9,831,837
Special education	1,354,152	1,220,208
Facility lease assistance	699,918	738,430
Total state and local per pupil operating revenue	<u>13,392,856</u>	<u>11,790,475</u>
Grants, contracts and other income		
Federal grants	1,615,840	461,653
State and local grants	47,648	47,196
Cancellation of debt	-	1,100,620
Interest and other income	30,634	10,442
Total grants, contracts and other support	<u>1,694,122</u>	<u>1,619,911</u>
Total operating revenue and other support	<u>15,086,978</u>	<u>13,410,386</u>
<u>Expenses</u>		
Program expenses		
Regular education	9,678,138	7,514,074
Special education	2,257,844	2,317,624
Total program expenses	<u>11,935,982</u>	<u>9,831,698</u>
Supporting services		
Management and general	1,812,572	1,653,543
Fund-raising	7,107	-
Total program and supporting services expenses	<u>13,755,661</u>	<u>11,485,241</u>
Change in net assets	1,331,317	1,925,145
Net assets without donor restrictions - beginning of year	<u>13,040,639</u>	<u>11,115,494</u>
Net assets without donor restrictions - end of year	<u><u>\$ 14,371,956</u></u>	<u><u>\$ 13,040,639</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2022

	<u>No. of Positions</u>	<u>Program expenses</u>			<u>Supporting services</u>		<u>Total program expenses and supporting services</u>
		<u>Regular education</u>	<u>Special education</u>	<u>Total programs</u>	<u>Management & general</u>	<u>Fund-raising</u>	
Salaries							
Instructional staff personnel	66.00	\$ 4,135,283	\$ 1,073,414	\$ 5,208,697	\$ -	\$ -	\$ 5,208,697
Administrative staff personnel	11.00	657,066	82,631	739,697	652,885	-	1,392,582
Noninstructional staff personnel	6.00	72,836	9,160	81,996	191,324	-	273,320
Total salaries	83.00	4,865,185	1,165,205	6,030,390	844,209	-	6,874,599
Operating expenses							
Payroll taxes and fringe benefits		1,031,484	247,039	1,278,523	178,984	-	1,457,507
Retirement		189,378	45,356	234,734	32,861	-	267,595
Professional and consulting services		111,679	26,020	137,699	211,086	-	348,785
Occupancy		2,380,406	570,104	2,950,510	413,049	-	3,363,559
Food Service		247,458	31,120	278,578	-	-	278,578
Repairs and maintenance		88,335	21,156	109,491	15,328	-	124,819
Insurance		89,795	21,506	111,301	15,581	-	126,882
Utilities		93,290	22,343	115,633	16,188	-	131,821
Supplies and materials		175,506	22,071	197,577	-	-	197,577
Staff development		19,093	4,573	23,666	3,313	-	26,979
Technology		47,256	11,318	58,574	8,200	-	66,774
Leased equipment		10,507	2,516	13,023	1,823	-	14,846
Telephone and internet		37,126	8,892	46,018	6,442	-	52,460
Student services		98,666	12,408	111,074	-	-	111,074
Administrative		93,320	22,350	115,670	37,646	-	153,316
Marketing and recruitment		-	-	-	102	-	102
Other		-	-	-	-	7,107	7,107
Travel		347	83	430	60	-	490
Storage and moving		-	-	-	10,468	-	10,468
Depreciation		99,307	23,784	123,091	17,232	-	140,323
Total operating expenses		4,812,953	1,092,639	5,905,592	968,363	7,107	6,881,062
Total expenses		\$ 9,678,138	\$ 2,257,844	\$ 11,935,982	\$ 1,812,572	\$ 7,107	\$ 13,755,661

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2021

	<u>No. of Positions</u>	<u>Program expenses</u>			<u>Supporting services</u>	<u>Total program expenses and supporting services</u>
		<u>Regular education</u>	<u>Special education</u>	<u>Total programs</u>	<u>Management & general</u>	
Salaries						
Instructional staff personnel	62.00	\$ 3,288,505	\$ 1,160,695	\$ 4,449,200	\$ -	\$ 4,449,200
Administrative staff personnel	9.00	631,869	82,579	714,448	557,467	1,271,915
Noninstructional staff personnel	7.00	74,687	9,761	84,448	197,044	281,492
Total salaries	78.00	3,995,061	1,253,035	5,248,096	754,511	6,002,607
Operating expenses						
Payroll taxes and fringe benefits		906,500	284,320	1,190,820	171,202	1,362,022
Retirement		155,628	48,812	204,440	29,392	233,832
Professional and consulting services		768	100	868	244,872	245,740
Occupancy		1,768,237	554,601	2,322,838	333,951	2,656,789
Repairs and maintenance		89,168	27,967	117,135	16,840	133,975
Insurance		63,974	20,065	84,039	12,082	96,121
Utilities		77,652	24,355	102,007	14,665	116,672
Supplies and materials		207,412	27,107	234,519	-	234,519
Staff development		17,327	5,435	22,762	3,272	26,034
Technology		47,267	14,825	62,092	8,927	71,019
Leased equipment		6,766	2,122	8,888	1,278	10,166
Telephone and internet		54,548	17,109	71,657	10,302	81,959
Student services		5,728	749	6,477	-	6,477
Administrative		39,316	12,331	51,647	27,067	78,714
Travel		9,044	2,837	11,881	1,708	13,589
Storage and moving		-	-	-	10,314	10,314
Depreciation		69,678	21,854	91,532	13,160	104,692
Total operating expenses		3,519,013	1,064,589	4,583,602	899,032	5,482,634
Total expenses		<u>\$ 7,514,074</u>	<u>\$ 2,317,624</u>	<u>\$ 9,831,698</u>	<u>\$ 1,653,543</u>	<u>\$ 11,485,241</u>

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Cash Flows**

For the years ended June 30,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 1,331,317	\$ 1,925,145
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	140,323	104,692
Cancellation of debt	-	(1,100,620)
Changes in operating assets and liabilities		
Accounts and grants receivable	(689,264)	(41,090)
Other receivable	11,105	(9,590)
Prepaid expenses	3,018	64,804
Accounts payable	123,918	36,059
Accrued salaries and other payroll related expenses	160,633	123,454
Deferred revenue	173,071	72,791
Net cash provided by operating activities	<u>1,254,121</u>	<u>1,175,645</u>
Cash flows from investing activities		
Escrow for building fund	(313,903)	-
Acquisition of property and equipment	<u>(420,426)</u>	<u>(131,428)</u>
Net cash used in investing activities	<u>(734,329)</u>	<u>(131,428)</u>
Net increase in cash and restricted cash	519,792	1,044,217
Cash and restricted cash - beginning of year	<u>11,670,442</u>	<u>10,626,225</u>
Cash and restricted cash - end of year	<u><u>\$ 12,190,234</u></u>	<u><u>\$ 11,670,442</u></u>
Cash and restricted cash as reported within the statement of financial position		
Cash	\$ 12,115,148	\$ 11,595,363
Reserve contingency	75,086	75,079
	<u><u>\$ 12,190,234</u></u>	<u><u>\$ 11,670,442</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

Note 1 Organization

Grand Concourse Academy Charter School and Subsidiary (the "School") is a public charter school located in the Bronx, New York. The School originally served kindergarten through fifth grade; sixth, seventh, and eighth grade were added each year from 2016-2018. The School was chartered in July 2004 and successfully re-chartered on April 29, 2019 for an additional five years. The goal of the School is to offer students a high-quality public education on a nondiscriminatory and secular basis. The mission of the School is to create a challenging learning environment that addresses and meets the needs of students in New York City, especially those at risk of academic failure. In a concerted effort to prepare students for entry into the very best middle and high schools of New York City, the School seeks to foster a sense of strong character, ethics, and personal responsibility, as well as high expectations and academic success.

The School is the sole member of 625 Bolton LLC (the "LLC"), a limited liability company formed in January 2022. The LLC was considered as a disregarded entity for federal and state tax purpose.

From hereon in, the School and the LLC are referred to as the "Organization".

Note 2 Summary of significant accounting policies

Principles of consolidation. The financial statements are consolidated to include the accounts of the School and the LLC. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of presentation and use of estimates. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial statements presentation. The consolidated financial statements of the Organization follow the accounting standard for not-for-profit organization, which require the Organization to report information regarding its consolidated statements of financial position and consolidated statements of activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 Summary of significant accounting policies - (continued)

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and cash equivalents. The Organization considers all short-term, highly liquid investments, such as money market funds, to be cash equivalents.

Accounts and grants receivable. Accounts and grants receivable are recorded at net realizable value and do not bear interest. The allowance for doubtful accounts is the School's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Accounts and grants receivable amount to \$1,113,613 and \$424,349 as of June 30, 2022 and 2021, respectively. There is no allowance recorded at June 30, 2022 and 2021, as all amounts are deemed collectible.

Revenue recognition. The Organization recognizes revenue from the state and local governments based on the School's charter status and the number of students enrolled. Such revenue is recorded when services are performed, in accordance with the charter agreement. The New York State Department of Education mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Grants and contracts. Grants and contracts revenue is recognized when qualifying expenditures are incurred and/or services are provided to the students during the applicable school year. Funds received in advance or any unspent funds for which qualifying expenditures have not been incurred are recorded as refundable advances. Any unspent amounts might be returned to the granting agency or the granting agency can approve that those amounts be applied to a future grant period.

Reserve for contingency. Reserve for contingency relates to required reserve and escrow accounts that are required to be maintained by the Organization in accordance with charter requirements.

Operating risk. The coronavirus outbreak may have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measure, the Organization cannot reasonably estimate the impact to future results of operations.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 Summary of significant accounting policies - (continued)

Functional allocation of expenses. The cost of providing the various programs and other activities has been summarized on an individual basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expense include expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the school.

The expenses that are allocated include the following:

Salaries	Time and effort
Payroll taxes and fringe benefits	Time and effort
Professional and consulting services	Time and effort
Occupancy	Square footage
Repairs and maintenance	Time and effort
Insurance	Square footage

Property and equipment. Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Repairs and maintenance are charged to expense as incurred; significant improvements are capitalized. The Organization capitalized additions and significant improvements in excess of \$5,000 with an estimated useful life of greater than one year. Depreciation is computed using the straight-line method over estimated useful lives of the respective assets.

The estimated depreciable lives of the different classes of property and equipment are as follows:

<u>Asset</u>	<u>Useful Life</u>
Leasehold improvements	3 Years
Furniture and fixtures	5 – 7 Years
Computer equipment	5 – 7 Years
Office equipment	5 – 7 Years
Software	3 Years

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2022

Note 2 Summary of significant accounting policies - (continued)

Income taxes. In 2005, Grand Concourse Academy Charter School and Subsidiary filed and received approval of its application for tax exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Internal Revenue Code Sec. 509(a)(1) and 170(b)(1)(a)(II).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2022, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the consolidated financial statements.

The Organization is no longer subject to income tax examination by tax authorities for years before June 30, 2019.

Note 3 Liquidity and availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, are:

Financial assets:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 12,115,148	\$ 11,595,363
Grants and other receivables	<u>1,114,344</u>	<u>436,185</u>
Amount available for general expenditures within one year	<u>\$ 13,229,492</u>	<u>\$ 12,031,548</u>

Note 4 Property and equipment

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 2,550,210	\$ 2,550,210
Furniture and fixtures	83,842	83,842
Computer equipment	378,339	297,343
Office equipment	14,814	14,814
Software	3,824	3,824
Construction in progress	<u>9,064</u>	<u>-</u>
	3,040,093	2,950,033
Less: accumulated depreciation	<u>(1,007,858)</u>	<u>(867,535)</u>
Total	<u>\$ 2,032,235</u>	<u>\$ 2,082,498</u>

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2022

Note 5 Accrued payroll and other payroll-related expenses

Accrued payroll and benefits consist of amounts earned by the staff during the school year but paid over the summer months. As of June 30, 2022 and 2021, total accrued salaries and other payroll-related expenses amounted to \$1,123,620 and \$962,987, respectively.

Note 6 SBA loan - paycheck protection program

On May 7, 2020, the Organization obtained a loan of \$1,100,620 (the "PPP loan") from Spring Bank pursuant to the Paycheck Protection Program ("PPP") administered by the Small Business Administration (the "SBA") pursuant to the CARES Act. The PPP loan and accrued interest are forgivable after twenty-four weeks as long as the Organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The PPP loan matures on May 7, 2022 and bears an interest rate of 1% per annum, with interest accruing on the unpaid principal balance. No payments of principal or interest are due during the six-month period beginning on the date of the PPP loan (the "Deferral Period"). During fiscal year 2021, the Organization received notification that the PPP loan had been forgiven. The Organization recorded cancellation of debt in the amount of \$1,100,620.

Note 7 Contingency

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

The Organization is involved in an ongoing litigation related to a construction project agreement with an unrelated third party (the "Plaintiff") which was entered into in 2011. There is also a dispute in regards to the rental sums due to the Plaintiff pursuant to a lease agreement entered into in 2004. The Organization will record a liability when the Organization believes that it is both probable that a loss has been incurred and the amount can be reasonably estimated. Management is unable to evaluate the likelihood of an unfavorable outcome and estimate of potential loss, based on the facts at this time.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2022

Note 8 Retirement plan

The Organization offers a 401(k) plan (the "Plan") for substantially all of its qualifying employees. Employees are eligible for the Plan immediately upon employment and participation in the plan is voluntary. Employees can make pretax contributions up to a maximum of 100% of their annual compensation up to IRS limits for each calendar year. The Organization matches the employee contribution up to 6% of the employee's annual compensation. For the years ended June 30, 2022 and 2021, the Organization's matching contribution was \$267,595 and \$233,832. Such plan assets are held in a separate trust and are not included in the accompanying consolidated financial statements. All plan assets are held for the exclusive benefit of the Plan's participants and beneficiaries.

Note 9 Concentration of risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to significant credit risk on cash and cash equivalents.

The Organization received approximately 89% and 88% of its operating revenue, which is subject to specific requirements from per pupil funding from The New York State Department of Education during the years ended June 30, 2022 and 2021, respectively. Additionally, the Organization's grants receivable consists of approximately 100% from the New York State Department of Education and the Federal Title grants.

Note 10 Commitment

The Organization entered into a lease agreement in December 2016 with an unrelated third party (the "Landlord") whereby the landlord would develop and build the Organization's new education facility located at 625 Bolton Avenue, Bronx, New York (the "Building"). As part of the lease agreement, the Organization did not have any obligation to pay base rent or any other obligation to the Landlord during the construction period. The lease term of the operating lease commenced when the construction was substantially complete on August 1, 2019. For the years ended June 30, 2022 and June 30, 2022 and 2021, rent expenses were \$3,363,559 and \$2,656,789 respectively.

On June 2, 2022, the Organization entered into a sale agreement to exercise its option to purchase the building for \$31,390,328 through its wholly owned subsidiary, 625 Bolton LLC. One percent deposit was paid on the execution of the agreement. The building was purchased on July 14, 2022, with a \$38,235,000 funding from Build NYC Resources Corporation (see Note 10).

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Notes to the Consolidated Financial Statements
June 30, 2022

Note 11 Subsequent events

Management has evaluated events and transactions for potential recognition and disclosure through October 31, 2022, which is the date the consolidated financial statements were available to be issued and concluded that except as set forth below, no subsequent events occurred requiring adjustments or disclosures in the consolidated financial statements.

On July 1, 2022, Build NYC Resource Corporation provided acquisition financing of \$38,235,000 to 625 Bolton LLC through the issuance of two revenue bonds (Series 2022A and 2022B). Interest and maturity date are as follow:

\$ 1,765,000	3.40%	Series 2022A Term Bond due July 1, 2027
\$ 2,175,000	5.00%	Series 2022A Term Bond due July 1, 2032
\$ 6,305,000	5.00%	Series 2022A Term Bond due July 1, 2042
\$10,260,000	5.00%	Series 2022A Term Bond due July 1, 2052
\$ 5,730,000	5.00%	Series 2022A Term Bond due July 1, 2056
\$12,000,000	5.00%	Series 2022B Term Bond due July 1, 2062

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statements of Financial Position
June 30, 2022

	<u>The School</u>	<u>The LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 12,115,148	\$ -	\$ -	\$ 12,115,148
Accounts and grants receivable	1,113,613	-	-	1,113,613
Other receivable	731	-	-	731
Prepaid expenses	14,785	-	-	14,785
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	13,244,277	-	-	13,244,277
	<hr/>	<hr/>	<hr/>	<hr/>
Property and equipment, net - Note 4	2,362,601	-	-	2,362,601
	<hr/>	<hr/>	<hr/>	<hr/>
Other assets				
Reserve for contingency	75,086	-	-	75,086
Escrow for building fund	-	313,903	-	313,903
Investment in The LLC	313,903	-	(313,903)	-
Utility deposits	16,500	-	-	16,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 16,012,367</u>	<u>\$ 313,903</u>	<u>\$ (313,903)</u>	<u>\$ 16,012,367</u>
<u>Liabilities and Net Assets</u>				
Current liabilities				
Accounts payable	\$ 251,252	\$ -	\$ -	\$ 251,252
Accrued salaries and other payroll related expenses - Note 5	1,123,620	-	-	1,123,620
Deferred revenue	265,539	-	-	265,539
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	1,640,411	-	-	1,640,411
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,640,411	-	-	1,640,411
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets without donor restrictions				
Reserve - contingency	75,086	-	-	75,086
Undesignated	14,296,870	313,903	(313,903)	14,296,870
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets without donor restrictions	14,371,956	313,903	(313,903)	14,371,956
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 16,012,367</u>	<u>\$ 313,903</u>	<u>\$ (313,903)</u>	<u>\$ 16,012,367</u>

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Identifying Number	Federal expenditures
U.S. Department of Education			
<u>Pass-through New York State Education Department:</u>			
Title I Grants to Local Educational Agencies	84.010A	0021-22-4278	\$ 379,957
Supporting Effective Instruction State Grants	84.367A	0147-22-4278	50,696
English Language Acquisition State Grants	84.365A	0293-22-4278	17,784
Student Support and Academic Enrichment Program	84.282A	0204-22-4278	24,002
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890-21-4278	304,323
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	5891-21-4278	698,559
Total for program			<u>1,002,882</u>
Total U.S. Department of Education			<u>1,475,321</u>
U.S. Department of Agriculture			
<u>Pass-through New York State Education Department:</u>			
School Breakfast Program	10.553	320800860872	\$ 9,420
National School Lunch Program	10.555	320800860872	47,735
After School Snack Program	10.555	320800860872	3,704
Total Child Nutrition Cluster			<u>60,859</u>
Total U.S. Department of Agriculture			<u>60,859</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,536,180</u></u>

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Grand Concourse Academy Charter School and Subsidiary for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Grand Concourse Academy Charter School and Subsidiary, it is not intended to, and does not, present the financial position, changes in net position or cash flows of Grand Concourse Academy Charter School and Subsidiary.

Note 2 Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The amounts reported as expenditures in this Schedule may differ from certain financial reports submitted to federal funding agencies, due to those reports being submitted on either the cash or modified cash basis of accounting.

Note 3 Indirect Cost Rate

Grand Concourse Academy Charter School and Subsidiary has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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*

To the Board of Trustees of
Grand Concourse Academy Charter School and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Grand Concourse Academy Charter School and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 31, 2022.

Report on internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered Grand Concourse Academy Charter School and Subsidiary and Subsidiary’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grand Concourse Academy Charter School and Subsidiary’s internal control. Accordingly, we do not express an opinion on the effectiveness of Grand Concourse Academy Charter School and Subsidiary’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 consolidated 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 or significant deficiencies may exist that were not identified.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether Grand Concourse Academy Charter School and Subsidiary’s consolidated 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 consolidated 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 organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

NChing LLP

New York, New York
October 31, 2022

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees of
Grand Concourse Academy Charter School and Subsidiary

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Grand Concourse Academy Charter School and Subsidiary’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 Grand Concourse Academy Charter School and Subsidiary’s major federal programs for the year ended June 30, 2022. Grand Concourse Academy Charter School and Subsidiary’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, Grand Concourse Academy Charter School and Subsidiary complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Grand Concourse Academy Charter School and Subsidiary 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 Grand Concourse Academy Charter School and Subsidiary’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 Grand Concourse Academy Charter School and Subsidiary'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 Grand Concourse Academy Charter School and Subsidiary'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 generally accepted auditing standards, *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 Grand Concourse Academy Charter School and Subsidiary's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Grand Concourse Academy Charter School and Subsidiary'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 Grand Concourse Academy Charter School and Subsidiary'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 Grand Concourse Academy Charter School and Subsidiary'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.

NChing LLP

New York, New York
October 31, 2022

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

Schedule I – Summary of auditor’s results

Financial statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not Considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not Considered to be material weakness(es)? ___ yes X none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance under Section 2CFR200.516(a) ___ yes X no

Identification of major federal programs:

Federal

Assistance

<u>Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ yes X no

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Corrective Action Plan

For the year ended June 30, 2022

Corrective action plan is not applicable for the year ended June 30, 2022.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2022

There were no prior audit findings.