

Merrick Academy – Queens Public Charter School

Independent Auditor's Reports and Financial Statements

June 30, 2022 and 2021

Merrick Academy – Queens Public Charter School

June 30, 2022 and 2021

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Independent Auditor's Report

Board of Trustees
Merrick Academy – Queens Public Charter School
Laurelton, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Merrick Academy – Queens Public Charter School, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Merrick Academy – Queens Public Charter School 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 (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 the Merrick Academy – Queens Public Charter School, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 the Merrick Academy – Queens Public Charter School's ability to continue as a going concern within 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 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 financial statements.

In performing an audit in accordance with GAAS 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 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 the Merrick Academy – Queens Public 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 the Merrick Academy – Queens Public 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information within the statements of functional expenses 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 accompanying supplementary information is fairly stated in all material respects in relation to the 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 26, 2022, on our consideration of the Merrick Academy – Queens Public 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 the Merrick Academy – Queens Public 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 the Merrick Academy – Queens Public Charter School’s internal control over financial reporting and compliance.

FORVIS,LLP

New York, New York
October 26, 2022

Merrick Academy – Queens Public Charter School
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash	\$ 1,344,833	\$ 3,137,188
Grants and contracts receivable	377,693	24,425
Prepaid expenses	83,986	102,243
Total current assets	1,806,512	3,263,856
Security deposits	127,770	127,770
Cash – reserve	100,101	76,037
Property and equipment - net	1,470,752	1,062,536
Total assets	\$ 3,505,135	\$ 4,530,199
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 143,661	\$ 294,940
Accrued salaries and related liabilities	774,526	792,927
Deferred revenue	-	9,306
Total current liabilities	918,187	1,097,173
Deferred rent	45,917	126,505
Total long-term liabilities	45,917	126,505
Total liabilities	964,104	1,223,678
Net Assets, Without Donor Restrictions	2,541,031	3,306,521
Total liabilities and net assets	\$ 3,505,135	\$ 4,530,199

Merrick Academy – Queens Public Charter School

Statements of Activities

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues and Other Support		
Resident student enrollment	\$ 8,893,813	\$ 9,534,157
Students with disabilities	<u>1,520,301</u>	<u>1,514,496</u>
Total state and local per-pupil operating revenues	10,414,114	11,048,653
Government grants and contracts	1,370,116	330,704
Contributions	2,553	49,458
Interest	4,986	177
Miscellaneous income	800	-
Forgiveness of PPP loan	<u>-</u>	<u>1,204,975</u>
Total operating revenues and other support	<u>11,792,569</u>	<u>12,633,967</u>
Expenses		
Program services		
Education	6,977,221	5,769,702
Special education	<u>3,816,778</u>	<u>3,371,092</u>
Total program services	10,793,999	9,140,794
Supporting services		
Management and general	<u>1,764,060</u>	<u>1,552,187</u>
Total expenses	<u>12,558,059</u>	<u>10,692,981</u>
Change in Net Assets	(765,490)	1,940,986
Net Assets Without Donor Restrictions, Beginning of Year	<u>3,306,521</u>	<u>1,365,535</u>
Net Assets Without Donor Restrictions, End of Year	<u><u>\$ 2,541,031</u></u>	<u><u>\$ 3,306,521</u></u>

Merrick Academy – Queens Public Charter School
Statement of Functional Expenses
Year Ended June 30, 2022

	** No. of Positions	Program Services			Supporting Services	Total
		Education	Special Education	Total	Management and General	
Personnel service costs						
Administrative staff personnel	11	\$ 547,518	\$ 342,199	\$ 889,717	\$ 479,079	\$ 1,368,796
Instructional personnel	53	3,163,005	1,753,306	4,916,311	-	4,916,311
Noninstructional personnel	25	-	-	-	556,067	556,067
Salaries		3,710,523	2,095,505	5,806,028	1,035,146	6,841,174
Payroll taxes and employee benefits		946,777	534,689	1,481,466	122,242	1,603,708
Retirement		94,484	53,359	147,843	12,199	160,042
Legal service		-	-	-	43,838	43,838
Accounting/audit services		-	-	-	161,220	161,220
Other purchased/professional/ consulting services		358,453	193,008	551,461	182,707	734,168
Building and land rent/lease		504,315	284,810	789,125	65,114	854,239
Repairs and maintenance		75,890	42,859	118,749	9,798	128,547
Insurance		48,228	27,236	75,464	6,227	81,691
Utilities		76,728	43,332	120,060	9,907	129,967
Supplies/materials		125,971	41,970	167,941	5,491	173,432
Equipment/furnishings		10,300	5,817	16,117	1,330	17,447
Staff development		344,044	127,912	471,956	19,904	491,860
Marketing/recruitment		43,849	14,477	58,326	1,862	60,188
Technology		22,788	12,869	35,657	2,943	38,600
Student services		74,976	34,030	109,006	-	109,006
Office expense		149,624	84,500	234,124	19,318	253,442
Depreciation		302,553	170,866	473,419	39,064	512,483
Bad debt expense		-	-	-	14,425	14,425
Other		87,718	49,539	137,257	11,325	148,582
Total expenses		<u>\$ 6,977,221</u>	<u>\$ 3,816,778</u>	<u>\$ 10,793,999</u>	<u>\$ 1,764,060</u>	<u>\$ 12,558,059</u>

** Supplemental information

Merrick Academy – Queens Public Charter School
Statement of Functional Expenses
Year Ended June 30, 2021

	** No. of Positions	Program Services			Supporting Services	Total
		Education	Special Education	Total	Management and General	
Personnel service costs						
Administrative staff personnel	11	\$ 468,939	\$ 293,087	\$ 762,026	\$ 410,322	\$ 1,172,348
Instructional personnel	53	2,737,250	1,645,843	4,383,093	-	4,383,093
Noninstructional personnel	25	-	-	-	479,504	479,504
Salaries		3,206,189	1,938,930	5,145,119	889,826	6,034,945
Payroll taxes and employee benefits		838,099	506,837	1,344,936	107,258	1,452,194
Retirement		95,608	57,819	153,427	12,236	165,663
Legal service		-	-	-	88,518	88,518
Accounting/audit services		-	-	-	150,384	150,384
Other purchased/professional/ consulting services		177,485	91,165	268,650	102,829	371,479
Building and land rent/lease		485,157	293,397	778,554	62,089	840,643
Repairs and maintenance		59,786	36,155	95,941	7,651	103,592
Insurance		52,996	32,049	85,045	6,782	91,827
Utilities		65,685	39,723	105,408	8,406	113,814
Supplies/materials		127,043	36,737	163,780	3,313	167,093
Equipment/furnishings		11,886	7,188	19,074	1,521	20,595
Staff development		178,692	68,290	246,982	10,027	257,009
Marketing/recruitment		27,325	8,065	35,390	765	36,155
Technology		27,119	16,400	43,519	3,470	46,989
Student services		34,360	7,160	41,520	-	41,520
Office expense		93,410	56,489	149,899	11,954	161,853
Depreciation		230,255	139,246	369,501	29,468	398,969
Bad debt expense		-	-	-	39,748	39,748
Interest		-	-	-	8,442	8,442
Other		58,607	35,442	94,049	7,500	101,549
Total expenses		<u>\$ 5,769,702</u>	<u>\$ 3,371,092</u>	<u>\$ 9,140,794</u>	<u>\$ 1,552,187</u>	<u>\$ 10,692,981</u>

** Supplemental information

Merrick Academy – Queens Public Charter School

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ (765,490)	\$ 1,940,986
Items not requiring (providing) operating cash flows		
Depreciation	512,483	398,969
Bad debt expense	14,425	39,748
Forgiveness of PPP loan	-	(1,204,975)
Noncash interest expense	-	8,442
Changes in		
Grants and contracts receivable	(367,693)	108,983
Prepaid expenses	18,257	(803)
Accounts payable and accrued expenses	(151,279)	81,456
Accrued salaries and related liabilities	(18,401)	40,925
Deferred revenue	(9,306)	(15,917)
Deferred rent	(80,588)	(58,372)
	(847,592)	1,339,442
Net cash (used in) provided by operating activities		
Investing Activities		
Acquisitions of property and equipment	(920,699)	(689,079)
	(920,699)	(689,079)
Net cash used in investing activities		
Net Change in Cash and Restricted Cash	(1,768,291)	650,363
Cash and Restricted Cash, Beginning of Year	3,213,225	2,562,862
Cash and Restricted Cash, End of Year	\$ 1,444,934	\$ 3,213,225
Cash and Cash Equivalents and Restricted Cash Consist of:		
Cash	\$ 1,344,833	\$ 3,137,188
Cash - reserve	100,101	76,037
	\$ 1,444,934	\$ 3,213,225
Noncash Investing Activities		
Property and equipment in accounts payable	\$ 14,282	\$ 64,383

Merrick Academy – Queens Public Charter School

Notes to Financial Statements

June 30, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Merrick Academy – Queens Public Charter School (the School) is an educational corporation that operates as a charter school in the borough of Queens, New York City. On January 1, 2000, the Board of Regents and the Board of Trustees of the University of the State of New York, for and on behalf of the State Education Department, granted the School a charter from grades K-6. The charter has been renewed until June 30, 2025. During the fiscal years ended June 30, 2022 and 2021, the School operated classes for approximately 525 and 570 students in grades K-5, respectively.

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, the School is subject to federal income tax on any unrelated business taxable income. The School is supported primarily by state and local per-pupil operating revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and change in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Restricted Cash

As part of the School's charter agreement, the School agreed to establish a long-term reserve account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

At June 30, 2022, the School's cash accounts exceeded federally insured limits by approximately \$893,000.

Grants and Contracts Revenue and Receivables

Revenues from government grants and contracts to which the School is entitled are recognized mostly on student enrollment. Some grants are provided for specific educational endeavors which are not based on student enrollment and are recorded when related expenditures are incurred by the School. Receivables are recorded when the revenue is earned.

Allowance for Doubtful Accounts

Management determines whether an allowance for doubtful accounts should be provided for tuition, contributions, or grants receivable. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts. Such estimates are based upon management's assessment of the aged basis of its receivables, historical information, expected collections, business and economic conditions and collections subsequent to year-end. Interest income is not accrued or recorded on receivables. Management deemed no allowance necessary for the years ended June 30, 2022 and 2021.

Merrick Academy – Queens Public Charter School

Notes to Financial Statements

June 30, 2022 and 2021

Property and Equipment

Property and equipment acquisitions over \$1,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	5-20 years
Furniture and fixtures	7 years
Office and classroom equipment	3 years
Computer equipment	3 years
Software	3 years

Long-Lived Asset Impairment

The School evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are 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.

At June 30, 2022 and 2021, all net assets are without donor restrictions and are available to be used for operations.

State and Local Per-Pupil Operating Revenues

Revenues from the state and local governments resulting from the School's charter status and based on the number of students enrolled are recorded when services are performed in accordance with the charter agreement. These grants are recorded as revenue by the School when services are rendered.

Merrick Academy – Queens Public Charter School

Notes to Financial Statements

June 30, 2022 and 2021

Contributions

Contributions are provided to the School either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the School overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

In June 30, 2021, \$9,306 of proceeds received from conditional contributions were recorded as a liability. As of June 30, 2022, no proceeds received from conditional contributions were recorded as a liability.

Merrick Academy – Queens Public Charter School

Notes to Financial Statements

June 30, 2022 and 2021

Leases

Leases are classified as operating or capital leases in accordance with the terms of the underlying agreements. Operating lease payments are charged to equipment and auto leases expense. Operating lease expense is recorded on the straight-line basis over the life of the lease, unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used. Deferred rent is recorded for the difference between the fixed payment and the rent expense. In 2022 and 2021, all leases were classified as operating leases.

Income Taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the School is subject to federal income tax on any unrelated business taxable income. The School is exempt from filing tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the separate statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. All of these expense line items are allocated based on staffing allocations to the main functional areas of the School: general education, special education and management/general.

Note 2: Property and Equipment

	2022	2021
Leasehold improvements	\$ 1,689,892	\$ 1,509,566
Furniture and fixtures	844,346	557,590
Office and classroom equipment	450,235	420,262
Computer equipment	1,398,270	1,035,145
Construction in progress	12,500	-
Software	294,439	246,421
	<u>4,689,682</u>	<u>3,768,984</u>
Accumulated depreciation and amortization	<u>(3,218,930)</u>	<u>(2,706,448)</u>
	<u>\$ 1,470,752</u>	<u>\$ 1,062,536</u>

Merrick Academy – Queens Public Charter School

Notes to Financial Statements

June 30, 2022 and 2021

Note 3: Lease Commitments

The School has a lease on the school building which will expire on December 31, 2022. The lease contains renewal options for two five-year periods. Rent expense for the years ended June 30, 2022 and 2021 was \$830,277. The lease for the building is being straight-lined over the life of the lease. The deferred rent liability as of June 30, 2022 and 2021 was \$45,917 and \$126,505, respectively.

The School entered into noncancelable lease agreements for office equipment expiring at various dates through June 2024. Rent expense for the years ended June 30, 2022 and 2021 was \$101,446 and \$101,592, respectively.

The future minimum lease payments as of June 30, 2022 are:

<u>Year Ending</u> <u>June 30</u>	
2023	\$ 517,115
2024	<u>22,840</u>
	<u>\$ 539,955</u>

Note 4: Contingencies and Concentrations

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost 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.

Substantially all of the school's operating revenue is paid by New York State Education Department.

In addition, all grants and contracts receivable due at year-end were all due from the New York State Education Department.

Note 5: Retirement Plan

The School sponsors a 401(k) retirement plan for its employees. All employees are immediately eligible to participate in the plan. Employees can make pretax contributions up to a maximum of 100% of the annual compensation, subject to IRS restrictions. The School matches the employee contribution up to 4% of the employee's annual compensation. Pension expense under this plan for the years ended June 30, 2022 and 2021 was \$160,042 and \$165,663, respectively.

Merrick Academy – Queens Public Charter School

Notes to Financial Statements

June 30, 2022 and 2021

Note 6: Liquidity and Availability

The School’s financial assets available within one year of the date of the statements of financial position for general expenditures as of June 30, 2022 and 2021 are:

	2022	2021
Financial assets at year-end		
Cash	\$ 1,344,833	\$ 3,137,188
Grants and contracts receivable	377,693	24,425
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,722,526	\$ 3,161,613

The financial assets of the School without donor restrictions or restricted by state laws, are available for general expenditures. As part of liquidity management, the School invests cash in excess of daily requirements in short-term investments. Although the School does not intend to spend from its net assets other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation, amounts could be made available if necessary. During the years ended June 30, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

Note 7: Grant Reimbursements Receivable and Future Commitments

Government grants received are conditional upon incurring allowable expenditures as specified in the contract. The School receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the School are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2022, have been recorded as receivables. Following are the grant commitments that extend beyond June 30, 2022:

Grant	Term	Grant Amount	Earned Through 2022	Funding Available
Government grants	ARP through 2024	\$ 804,099	\$ 729,295	\$ 74,804

Note 8: Subsequent Events

Subsequent events have been evaluated through October 26, 2022, which is the date the financial statements were available to be issued.

Merrick Academy – Queens Public Charter School

Notes to Financial Statements

June 30, 2022 and 2021

Note 9: Future Changes in Accounting Principles

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and non lease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Trustees
Merrick Academy – Queens Public Charter School
Laurelton, New York

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 Merrick Academy – Queens Public Charter School, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2022.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Merrick Academy – Queens Public 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.

FORVIS,LLP

New York, New York
October 26, 2022

Merrick Academy – Queens Public Charter School
Schedule of Findings and Responses
Year Ended June 30, 2022

Findings Required to be Reported by *Government Auditing Standards*

No matters are reportable.

Merrick Academy – Queens Public Charter School
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Reference Number	Summary of Finding	Status
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No matters are reportable.



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Board of Trustees, Audit Committee and Management
Merrick Academy – Queens Public Charter School
Laurelton, New York

As part of our audits of the financial statements and compliance of Merrick Academy – Queens Public Charter School (the School) as of and for the year ended June 30, 2022, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor’s Responsibility Under 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 and U.S. 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)*

An audit performed 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 and U.S. Office of Management and Budget (OMB) Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The School’s significant accounting policies are described in *Note 1* of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following area involves significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Valuation of grants and contracts receivable

Significant Unusual Transactions

No matters are reportable.

Financial Statement Disclosures

No matters are reportable.

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Proposed Audit Adjustment Recorded

- Reclassification of prepaid rent from accounts payable to prepaid expenses
- Reclassification of bad debt from operating revenue to bad debt expense

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole
- We would like to call your attention to the fact that although these uncorrected misstatements, individually and in the aggregate, were deemed to be immaterial to the current year financial statements, it is possible that the impact these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated

Auditor's Judgments About the Quality of the School's Accounting Principles

No matters are reportable.

During the Audit Process

During the audit process, the following issue was discussed or was the subject of correspondence with management:

- Compliance audit in accordance with the Uniform Guidance

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management deficiencies in internal control identified during our audit that is not considered material weaknesses or significant deficiencies

OTHER MATTERS

We observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

New Lease Accounting Standard

FASB issued ASU 2016-02, *Leases* (Topic 842), the long-awaited standard on lease accounting. FASB has issued various ASUs since that date related to Topic 842 as well seeking to clarify guidance and provide more transition relief in certain areas.

Under the ASU, lessees will recognize lease assets and liabilities on their balance sheet for all leases with terms of more than 12 months. The new lessee accounting model retains two types of leases and is consistent with the lessee accounting model under existing generally accepted accounting principles. One type of lease (finance leases) will be accounted for in substantially the same manner as capital leases are accounted for today. The other type of lease (operating leases) will be accounted for (both in the income statement and statement of cash flows) in a manner consistent with today's operating leases. Lessor accounting under the standard is fundamentally consistent with existing GAAP.

Lessees and lessors would be required to provide additional qualitative and quantitative disclosures to help financial statement users assess the amount, timing, and uncertainty of cash flows arising from leases. These disclosures are intended to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an organization's leasing activities.

The School is required to adopt Topic 842 for fiscal year 2023.

Implementation

The approved delay by FASB of the effective date of the new leases standard ASC 842 by one year for private companies and most non-profit organizations is welcome relief.

However, there are certain lease implementation items to get moving on sooner rather than later:

1. Educate yourself and key stakeholders about ASC 842.
 - a. Check out **forvis.com** for **FORsights**™ resources, including articles and webinars related to the new standard and the related implementation efforts.
2. Early decision points:
 - a. Transition method
 - b. Practical expedients and accounting policy elections
3. Accumulate the population of potential leases.

4. Communicate with lenders – expected impact of ASC 842 on existing debt covenants.
5. Systems analysis – Do you need lease software? If so, vendor selection takes time.
6. Start developing the processes and controls necessary for effective implementation of ASC 842 as well as the ongoing accounting requirements.

Addressing Concerns over Ransomware

Boards and management are concerned about cybersecurity risks and ransomware is one of the top schemes perpetrated by hackers. Ransomware is often initiated through a fraudulent email that someone inadvertently opens and/or clicks a link contained within the email. It can also come through what appears to be a legitimate email address, sometimes because of an employee's email account being hacked. One of the top things you can do is ongoing social engineering training for your employees and board of trustees about phishing emails and ransomware to keep it top of mind. Also, consider having a ransomware risk assessment to validate your controls and strengthen your security posture.

Cybersecurity Hacks Relative to Fraudulent Vendor and Customer Payments

Many companies have been experiencing fraudulent activity with regard to vendor and customer payments. The fraud is often perpetrated through an email request to change account or payment information that results in funds being diverted to a fraudulent account. We recommend you assess your processes for changes to your account information with your customers and changes from your vendors to their information and implement dual check points for example on an email request from a vendor to change their account or address information that you send payments to consider a follow-up phone call to the vendor to validate the change. Conversely, request of your customers that if they receive a request from your company to change payment information that they too implement a secondary check to validate the change. We would also recommend you implement routine social engineering training to keep it top of mind for your employees. Lastly, a cybersecurity risk assessment could help validate your controls and strengthen your security posture.

This communication is intended solely for the information and use of management, Board of Trustees, Audit Committee, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

FORVIS,LLP

New York, New York
October 26, 2022

Representation of:

Merrick Academy – Queens Public Charter School
136-25 218th Street
Laurelton, NY 11413

Provided to:

FORVIS, LLP

Certified Public Accountants
1155 Avenue of the Americas, Suite 1200
New York, NY 10036

The undersigned (“We”) are providing this letter in connection with FORVIS’ audits of our financial statements as of and for the years ended June 30, 2022 and 2021.

Our representations are current and effective as of the date of FORVIS’ report: October 26, 2022.

Our engagement with FORVIS is based on our contract for services dated: May 2, 2022, and addendum dated May 31, 2022

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS’ report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS’ Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We

acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

4. We have everything we need to keep our books and records.
5. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities, or net assets.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. We understand the potential penalties for failure to disclose reportable tax transactions to the taxing authorities and have fully disclosed to FORVIS any and all known reportable tax transactions.
10. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.
12. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
13. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party transactions of which we are aware, including any modifications during the year that were made to

related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, subsidiaries accounted for by the equity method, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

14. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.
15. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the statement of financial position date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Restrictions on cash balances or compensating balance agreements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
17. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
18. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
19. Adequate provisions and allowances have been accrued for any material losses from:
 - a. Uncollectible receivables, including pledges.
 - b. Purchase commitments in excess of normal requirements or above prevailing market prices.

20. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
21. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
22. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
23. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
24. With respect to any nonattest services you have provided us during the year, including assisting with the preparation of the financial statements, completing the auditee portion of the Form SF-SAC (Data Collection Form) through the federal Clearinghouse, and preparation of information returns:
- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.
25. We have identified to you any activities conducted having both fund raising and program or management and general components (joint activities) and have allocated the costs of any joint activities in accordance with the provisions of FASB ASC 958-720-45.
26. We are an entity exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated business income or excise tax on prohibited transactions and events.

27. We acknowledge the entity is not a conduit debt obligor whose debt securities are listed, quoted, or traded on an exchange or an over-the-counter market. As a result, we acknowledge the entity does not meet the definition of a “public entity” under generally accepted accounting principles for certain accounting standards.

28. As an entity subject to *Government Auditing Standards*:

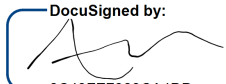
- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
- b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
- c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
- d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
- e. We have a process to track the status of audit findings and recommendations.
- f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
- g. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

29. With regard to supplementary information:

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
- b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
- c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
- e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor’s report are issued.

30. We do not issue an annual report, nor do we have plans to issue an annual report at this time.
31. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.
32. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing, declines in the volume of business/contributions, constraints on liquidity, difficulty obtaining financing, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for contributions receivable, etc., that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments and other assets, reviewing allowances for uncollectible amounts, evaluating capital needs and liquidity plans, etc.
33. We have examined the outstanding contributions and grants receivable and determined that all are collectible.
34. We are amortizing our additions to leasehold improvements over ten years based upon the renewal periods of the lease.
35. We have responded fully and truthfully to all your inquiries.

DocuSigned by:

0C43FE7383CA4DD
Adrian Manuel, Executive Director
Amanuel@merrickacademy.org

DocuSigned by:

18F38EAC490A475
Josh Moreau, Financial Consultant
Jmoreau@weboosted.com

Merrick Academy Charter School

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

QUANTITATIVE AND QUALITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	1,806,512	0	1,806,512	0.00%
Non-Current Assets	1,698,623	0	1,698,623	0.00%
Current Liabilities	(918,187)	(20,287)	(938,474)	2.21%
Non-Current Liabilities	(45,917)	0	(45,917)	0.00%
Current Ratio	1.97		1.93	-2.14%
Total Assets	3,505,135	0	3,505,135	0.00%
Total Liabilities	(964,104)	(20,287)	(984,391)	2.10%
Net Assets	(2,541,031)	20,287	(2,520,744)	-0.80%
Revenues	(11,792,569)	0	(11,792,569)	0.00%
Expenses	12,558,059	20,287	12,578,346	0.16%
Change in Net Assets	765,490	20,287	785,777	2.65%

Client: Merrick Academy Charter School
Period Ending: June 30, 2022

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Location or Business Unit	Financial Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets				Liabilities				(X) Non Tax	Revenues			Expenses			Net Assets			Net Effect on Following Year						
				Current		Noncurrent		Current		Noncurrent			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
				DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)		DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
Accrue unrecorded legal fees			F	0	0	(20,287)	0	0	0	0	0	0	20,287	0	0	0												
		Legal expense																										
		Accrued expenses				(20,287)																						
Taxable passed adjustments												0	20,287	0				(20,287)	20,287									
Times (1 - effective tax rate of 00%)												100%	100%	100%														
Taxable passed adjustments net of tax impact												0	20,287	0														
Nontaxable passed adjustments												0	0	0														
Total passed adjustments, net of tax impact (if any)												0	0	(20,287)	0	0	20,287	0										
														Impact on Change in Net Assets			20,287											
														Impact on Net Assets			20,287											