

NYC AUTISM CHARTER SCHOOLS

REPORT TO THE FINANCE COMMITTEE

JUNE 30, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

October 19, 2022

Finance Committee
NYC Autism Charter Schools

We have audited the financial statements of NYC Autism Charter Schools as of and for the year ended June 30, 2022, and have issued our report thereon dated October 19, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 15, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of NYC Autism Charter Schools solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the following significant risks:

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

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by NYC Autism Charter Schools is included in Note A to the financial statements. As described in Note A to the financial statements, during the year, the Charter School adopted new guidance for gifts-in-kind (ASU 2020-07). No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are the allocations of costs for the statement of functional expenses and the collectability of grants receivable. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting NYC Autism Charter Schools' financial statements relate to revenue and support recognition, which are referred to in the notes of the financial statements.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any material corrected misstatements during the audit.

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings or Issues

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

* * * * *

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

This report is intended solely for the information and use of the Board of Trustees, Finance Committee and management of NYC Autism Charter Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR & CO. LLP

NYC AUTISM CHARTER SCHOOLS
NEW YORK, NEW YORK

AUDITED FINANCIAL STATEMENTS
OTHER FINANCIAL INFORMATION

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022
(With Comparative Totals for 2021)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
 <u>OTHER FINANCIAL INFORMATION</u>	
Independent Auditor's Report on Other Financial Information	21
Statement of Activities and Changes in Net Assets by Charter	22
Statement of Functional Expenses by Charter:	
East Harlem School	23
Bronx School	24
 <u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
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 <i>Government Auditing Standards</i>	26

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
NYC Autism Charter Schools

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NYC Autism Charter Schools as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NYC Autism Charter Schools 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 NYC Autism Charter Schools' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NYC Autism Charter Schools' 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 NYC Autism Charter Schools' ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The financial statements of NYC Autism Charter Schools for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements in their report dated October 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2022 on our consideration of NYC Autism Charter Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NYC Autism Charter Schools' internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 19, 2022

NYC AUTISM CHARTER SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(With Comparative Totals for 2021)

<u>ASSETS</u>	June 30,	
	2022	2021
<u>CURRENT ASSETS</u>		
Cash	\$ 935,649	\$ 1,831,164
Investments	5,033,724	3,031,234
Grants and contracts receivable	131,852	66,110
Prepaid expenses	18,208	-
TOTAL CURRENT ASSETS	6,119,433	4,928,508
<u>PROPERTY AND EQUIPMENT, net</u>	219,090	282,423
<u>OTHER ASSETS</u>		
Deposit on property and equipment	19,150	-
Cash in escrow	151,951	151,936
	171,101	151,936
TOTAL ASSETS	\$ 6,509,624	\$ 5,362,867
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 379,571	\$ 419,195
TOTAL CURRENT LIABILITIES	379,571	419,195
<u>NET ASSETS</u>		
Without donor restrictions	6,024,134	4,810,277
With donor restrictions	105,919	133,395
TOTAL NET ASSETS	6,130,053	4,943,672
TOTAL LIABILITIES AND NET ASSETS	\$ 6,509,624	\$ 5,362,867

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

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Year ended June 30,			
	2022			2021
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains and other support:				
Public school district:				
Students with disabilities	\$ 7,548,450	\$ -	\$ 7,548,450	\$ 7,424,012
Grants and contracts:				
State and local	30,000	-	30,000	43,875
Federal - Title and IDEA	55,708	-	55,708	43,533
Federal - other	366,590	-	366,590	29,775
In-kind - contributed rent	2,264,535	-	2,264,535	2,233,917
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	10,265,283	-	10,265,283	9,775,112
Expenses:				
Program services:				
Special education	7,977,164	-	7,977,164	7,656,192
Management and general	1,314,030	-	1,314,030	1,215,992
Fundraising and special events	80,644	-	80,644	70,234
TOTAL OPERATING EXPENSES	9,371,838	-	9,371,838	8,942,418
 SURPLUS FROM SCHOOL OPERATIONS	 893,445	 -	 893,445	 832,694
Support and other revenue:				
Contributions:				
Foundations	25,459	85,000	110,459	110,000
Individuals	163,503	-	163,503	107,245
Investment income	4,132	-	4,132	22,104
Paycheck Protection Program loan forgiveness	-	-	-	915,750
Miscellaneous income	14,842	-	14,842	7,898
Net assets released from restriction	112,476	(112,476)	-	-
TOTAL SUPPORT AND OTHER REVENUE	320,412	(27,476)	292,936	1,162,997
 CHANGE IN NET ASSETS	 1,213,857	 (27,476)	 1,186,381	 1,995,691
Net assets at beginning of year	4,810,277	133,395	4,943,672	2,947,981
NET ASSETS AT END OF YEAR	<u>\$ 6,024,134</u>	<u>\$ 105,919</u>	<u>\$ 6,130,053</u>	<u>\$ 4,943,672</u>

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

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

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

	No. of Positions	Year ended June 30,					Total	Total
		2022		2021				
		Program Services	Supporting Services	Management and General	Fundraising and Special Events	Sub-total		
Personnel services costs:								
Administrative staff personnel	8	\$ 224,946	\$ 553,882	\$ 67,536	\$ 621,418	\$ 846,364	\$ 699,059	
Instructional personnel	72	3,905,704	-	-	-	3,905,704	3,675,326	
Total salaries and staff	80	4,130,650	553,882	67,536	621,418	4,752,068	4,374,385	
Fringe benefits and payroll taxes		1,086,637	118,787	11,680	130,467	1,217,104	1,124,424	
Retirement		56,770	18,166	757	18,923	75,693	72,317	
Legal fees		-	9,458	-	9,458	9,458	17,786	
Accounting and auditing services		-	37,110	-	37,110	37,110	31,708	
Other professional and consulting services		238,134	236,384	671	237,055	475,189	405,545	
In-kind - contributed rent		2,038,082	226,453	-	226,453	2,264,535	2,233,917	
Repairs and maintenance		5,602	1,401	-	1,401	7,003	7,855	
Insurance		43,750	10,938	-	10,938	54,688	48,658	
Utilities		-	2,037	-	2,037	2,037	1,040	
Supplies and materials		90,177	-	-	-	90,177	110,241	
Equipment and furnishings		3,912	5,608	-	5,608	9,520	7,633	
Staff development		18,508	28,574	-	28,574	47,082	30,443	
Marketing and recruiting		-	6,034	-	6,034	6,034	5,050	
Technology services		1,698	5,777	-	5,777	7,475	22,171	
Student service		48,125	7,659	-	7,659	55,784	27,857	
Office expenses		46,293	24,718	-	24,718	71,011	82,070	
Depreciation and amortization		152,372	16,930	-	16,930	169,302	261,906	
Other		16,454	4,114	-	4,114	20,568	77,412	
		\$ 7,977,164	\$ 1,314,030	\$ 80,644	\$ 1,394,674	\$ 9,371,838	\$ 8,942,418	

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

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

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

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,186,381	\$ 1,995,691
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	169,302	261,906
Realized and unrealized gain on investments	(2,441)	(1,595)
Paycheck Protection Program loan forgiveness	-	(915,750)
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	(65,742)	(53,558)
Prepaid expenses	(18,208)	-
Accounts payable and accrued expenses	(39,624)	119,832
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>1,229,668</u>	<u>1,406,526</u>
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(105,969)	(100,604)
Deposit on property and equipment	(19,150)	-
Proceeds from maturity of investments	1,650,000	1,810,000
Purchase of investments	(3,650,049)	(2,828,644)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(2,125,168)</u>	<u>(1,119,248)</u>
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(895,500)	287,278
Cash and restricted cash at beginning of year	<u>1,983,100</u>	<u>1,695,822</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,087,600</u>	<u>\$ 1,983,100</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 935,649	\$ 1,831,164
Cash in escrow	151,951	151,936
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 1,087,600</u>	<u>\$ 1,983,100</u>
<u>NON-CASH OPERATING ACTIVITIES</u>		
In kind - contributed rent	<u>\$ 2,264,535</u>	<u>\$ 2,233,917</u>

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

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(With Comparative Totals for 2021)

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

The Charter School

New York Center for Autism Charter School (“East Harlem School”) is an education corporation formed in 2005 to operate a charter school located in the City of New York, borough of Manhattan. In July 2005, the Board of Regents of the University of the State of New York (the “Board”), for and on behalf of the State Education Department, granted a provisional charter valid for a term of five years and renewable upon expiration. On October 15, 2019, the Board granted East Harlem School the fourth charter renewal valid for a term of five years through June 30, 2025.

During the year ended June 30, 2016, East Harlem School received from the State University of New York Charter Schools Institute authorization of the granting of a new charter to establish a New York Center for Autism Charter School Bronx (“Bronx School”) that will operate identically to the Manhattan school. Bronx School opened in September 2017 for the 2017-18 school year.

Effective July 1, 2017, East Harlem School and the Bronx School merged under one Education Corporation with the Bronx School Employer Identification Number, and the combined entity is known as NYC Autism Charter Schools (the “Charter School”). On June 28, 2022, the Board granted the Charter School a renewal for both charters valid for a term of five years through July 31, 2027.

The Charter School’s mission is to provide individualized, scientifically-based educational services to children with autism and other pervasive developmental disorders. The Charter School promotes the achievement of high educational standards and the full intellectual, social, physical, and emotional potential of each of its students. It extends its educational programming beyond the Charter School’s walls through training, consultation, and support for students’ families. The Charter School also offers ongoing professional development opportunities to its staff, as well as to other educators in New York City and the surrounding area. The Charter School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the “Code”) and is classified as an organization described in Section 501(c)(3).

Basis of accounting

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

Classification of net assets

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

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

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had \$105,919 and \$133,395 of net assets with donor restrictions at June 30, 2022 and 2021, respectively.

Revenue recognition

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

The Charter School records substantially all revenues over time as follows:

Public school district revenue

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

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

	June 30,		
	2022	2021	2020
Grants and contracts receivable	\$ -	\$ 36,110	\$ 12,552

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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

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

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants and contracts receivable in the accompanying statement of financial position. There were no amounts received prior to incurring qualifying expenditures, which would be reported as deferred revenue in the accompanying statement of financial position at June 30, 2022 and 2021. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$151,951 and \$151,936 at June 30, 2022 and 2021, respectively. The agreement requires a balance be maintained to fund any audit and legal expense should the Charter School cease operations and dissolve.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Grants and contracts receivable

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

Investments

Investments consist of cash equivalents and certificates of deposit with maturities of less than twelve months and are measured at fair value. Investment income is recorded as revenue in the period earned.

Property and equipment

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

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

Deposit

Deposit represents a deposit on an HVAC system installation as of June 30, 2022 to be included in leasehold improvements that is set to be completed and put into service in fiscal 2023.

Contributed services

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

Tax exempt status

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

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

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing costs approximated \$6,000 and \$5,000 for the years ended June 30, 2022 and 2021, respectively.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Use of estimates in the preparation of financial statements

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

Comparatives for year ended June 30, 2021

The financial statements include certain prior year summarized comparative information in total but not by net asset and functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

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

Adoption of new accounting standard - gifts-in-kind

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

New accounting pronouncement - leases

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

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 19, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE B: LIQUIDITY AND AVAILABILITY

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

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

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2022 and 2021:

	June 30,	
	<u>2022</u>	<u>2021</u>
Cash	\$ 935,649	\$ 1,831,164
Investments	5,033,724	3,031,234
Grants and contracts receivable	<u>131,852</u>	<u>66,110</u>
Total financial assets available within one year	6,101,225	4,928,508
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(105,919)</u>	<u>(133,395)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 5,995,306</u>	<u>\$ 4,795,113</u>

NOTE C: INVESTMENTS

Investments at market value consisted of the following:

	June 30,	
	<u>2022</u>	<u>2021</u>
Certificates of deposit	\$ 3,750,000	\$ 1,650,000
Money market funds	147,000	244,963
Cash	<u>1,136,724</u>	<u>1,136,271</u>
Total assets at fair value	<u>\$ 5,033,724</u>	<u>\$ 3,031,234</u>

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE D: FAIR VALUE MEASUREMENTS

Accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Money Market Funds: Valued at the daily closing price as reported by the fund. Money market funds held by the Charter School are actively traded open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to report their daily net asset value and to transact at that price.

Certificates of Deposit: Valued at the daily average yields and other observable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Charter School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE D: FAIR VALUE MEASUREMENTS, Cont'd

The following table sets forth by level, within the fair value hierarchy, the Charter School's assets at fair value as of June 30, 2022 and 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2022</u>				
Certificates of deposit	\$ -	\$ 3,750,000	\$ -	\$ 3,750,000
Money market funds	147,000	-	-	147,000
Cash *	-	-	-	1,136,724
Total assets at fair value	<u>\$ 147,000</u>	<u>\$ 3,750,000</u>	<u>\$ -</u>	<u>\$ 5,033,724</u>
 <u>June 30, 2021</u>				
Certificates of deposit	\$ -	\$ 1,650,000	\$ -	\$ 1,650,000
Money market funds	244,963	-	-	244,963
Cash *	-	-	-	1,136,271
Total assets at fair value	<u>\$ 244,963</u>	<u>\$ 1,650,000</u>	<u>\$ -</u>	<u>\$ 3,031,234</u>

* Investments as of June 30, 2022 and 2021 include cash in the amount of \$1,136,724 and \$1,136,271 intended for investment purposes.

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Equipment, furniture and fixtures	\$ 540,830	\$ 562,069
Computer equipment	399,904	548,981
Leasehold improvements	<u>954,618</u>	<u>889,518</u>
	1,895,352	2,000,568
Less accumulated depreciation and amortization	<u>1,676,262</u>	<u>1,718,145</u>
	<u>\$ 219,090</u>	<u>\$ 282,423</u>

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE F: NET ASSETS

Net assets with donor restrictions consisted of the follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Extended school-year program	\$ 75,000	\$ 75,000
Transition program	8,938	8,938
NEXT for Young Adult program	20,731	49,457
Music program	1,250	-
	<u>\$ 105,919</u>	<u>\$ 133,395</u>

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Undesignated	\$ 5,805,044	\$ 4,527,854
Invested in property and equipment	219,090	282,423
	<u>\$ 6,024,134</u>	<u>\$ 4,810,277</u>

NOTE G: SCHOOL FACILITY – GIFTS IN-KIND

East Harlem School has a Facility Shared Use Agreement (the “Facility Agreement”) with the NYCDOE for dedicated and shared space at P.S. 50, a New York City public school located at 433 East 100th Street, New York, New York at a cost of \$1 per year. The total square footage utilized by East Harlem School during the years ended June 30, 2022 and 2021 amounted to approximately 8,200 square feet. East Harlem School will continue to operate under the terms of the Facility Agreement unless either party terminates the Facility Agreement with appropriate notice. In addition, East Harlem School continues to be responsible for any overtime-related costs for services provided beyond the regular opening hours.

Bronx School is co-located on the 4th floor of 1180 Tinton Avenue in the Bronx. The space houses eight classrooms, one student gym, one staff room and multiple administrative spaces. Each classroom is approximately 600 square feet, and the school occupies approximately 7,500 square feet at the site.

In valuing the contributed space in the school buildings, the Charter School estimated the fair value of \$2,264,535 and \$2,233,917 for the years ended June 30, 2022 and 2021, respectively, on the basis of financial information provided to the Charter School under the New York City School Rental Assistance Program. There were no associated donor restrictions with the contributed facilities.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE G: SCHOOL FACILITY – GIFTS IN-KIND, Cont'd

See the table below for program utilization:

<u>Program or Supporting Service</u>	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Special education	\$ 2,038,082	\$ 2,010,525
Management and general	226,453	223,392
Total	<u>\$ 2,264,535</u>	<u>\$ 2,233,917</u>

NOTE H: OPERATING LEASES

The Charter School entered into three non-cancelable lease agreements for copiers expiring at various dates between September 2022 through September 2027. Lease expense was approximately \$9,000 for the years ended June 30, 2022 and 2021. Future expected minimum payments for these leases are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 9,400
2024	6,700
2025	4,400
2026	4,400
2027	4,400
Thereafter	700
	<u>\$ 30,000</u>

NOTE I: CONTINGENCY

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

NOTE J: CONCENTRATIONS

For the years ended June 30, 2022 and 2021, approximately 94% and 98%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State through the New York City School District, respectively. The per-pupil rate is set time to time by petition of the Charter School to the City.

At June 30, 2022 and 2021, approximately 81% and 55%, respectively, of grants and contracts receivable were due from federal agencies relating to certain grants.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE K: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan available to all eligible full-time employees who have completed at least one year of service. The Charter School matches up to 4% of gross compensation. Contributions amounted to \$75,693 and \$72,317 for the years ended June 30, 2022 and 2021, respectively.

NOTE L: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, repairs and maintenance which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes and others which are allocated on the basis of time spent in each functional category or program.

NOTE M: FINANCIAL IMPACT OF COVID-19 OUTBREAK

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

In response to the COVID-19 outbreak, in May 2020, the Charter School applied for and was approved by a bank for a loan of \$915,750 through the Paycheck Protection Program (“PPP”) established by the Small Business Administration. The loan had a maturity of 2 years plus interest at 1% beginning in April 2021. The loan had the potential for forgiveness provided certain requirements are met by the Charter School. On February 9, 2021, the Small Business Administration approved the forgiveness of the loan and all accrued interest in full, which is reported in the accompanying statement of activities and changes in net assets as Paycheck Protection Program loan forgiveness for the year ended June 30, 2021.

In response to the COVID-19 outbreak, the Federal Government passed several the COVID relief acts which included funding for elementary and secondary education. The Elementary and Secondary Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized \$345,952 and \$29,775 of revenue relating to ESSER grants during the years ended June 30, 2022 and 2021, respectively. The Charter School has \$83,782 of ESSER grants still available through September 30, 2024 as of June 30, 2022.

NYC AUTISM CHARTER SCHOOLS

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
NYC Autism Charter Schools

We have audited the financial statements of NYC Autism Charter Schools as of and for the year ended June 30, 2022, and have issued our report thereon dated October 19, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 19, 2022

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2022

	<u>East Harlem School</u>	<u>Bronx School</u>	<u>Total</u>
Revenue, gains, and other support			
Public school district:			
Students with disabilities	\$ 4,097,159	\$ 3,451,291	\$ 7,548,450
Grants and contracts:			
State and local	15,000	15,000	30,000
Federal - Title and IDEA	26,267	29,441	55,708
Federal - other	181,716	184,874	366,590
In-kind - contributed rent	<u>1,229,148</u>	<u>1,035,387</u>	<u>2,264,535</u>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	5,549,290	4,715,993	10,265,283
 Expenses:			
Program services:			
Special education	4,288,170	3,688,994	7,977,164
Management and general	702,854	611,176	1,314,030
Fundraising and special events	<u>45,118</u>	<u>35,526</u>	<u>80,644</u>
TOTAL OPERATING EXPENSES	<u>5,036,142</u>	<u>4,335,696</u>	<u>9,371,838</u>
 SURPLUS FROM SCHOOL OPERATIONS	513,148	380,297	893,445
 Support and other revenue:			
Contributions:			
Foundations	77,959	32,500	110,459
Individuals	111,402	52,101	163,503
Investment income	3,166	966	4,132
Miscellaneous income	<u>14,746</u>	<u>96</u>	<u>14,842</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>207,273</u>	<u>85,663</u>	<u>292,936</u>
 CHANGE IN NET ASSETS	720,421	465,960	1,186,381
 Net assets at beginning of year	<u>4,670,613</u>	<u>273,059</u>	<u>4,943,672</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,391,034</u>	<u>\$ 739,019</u>	<u>\$ 6,130,053</u>

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES – EAST HARLEM SCHOOL

YEAR ENDED JUNE 30, 2022

	No. of Positions	Program Services	Supporting Services			Total
		Special Education	Management and General	Fundraising and Special Events	Sub-total	
Personnel services costs:						
Administrative staff personnel	5	\$ 110,684	\$ 311,181	\$ 37,813	\$ 348,994	\$ 459,678
Instructional personnel	<u>39</u>	<u>2,091,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,091,046</u>
Total salaries and staff	44	2,201,730	311,181	37,813	348,994	2,550,724
Fringe benefits and payroll taxes		594,267	64,288	6,433	70,721	664,988
Retirement		37,388	11,964	499	12,463	49,851
Legal fees		-	4,729	-	4,729	4,729
Accounting and auditing services		-	18,555	-	18,555	18,555
Other professional and consulting services		143,481	110,902	373	111,275	254,756
In-kind - contributed rent		1,106,233	122,915	-	122,915	1,229,148
Repairs and maintenance		4,458	1,115	-	1,115	5,573
Insurance		21,874	5,469	-	5,469	27,343
Utilities		-	2,037	-	2,037	2,037
Supplies and materials		45,976	-	-	-	45,976
Equipment and furnishings		1,482	4,563	-	4,563	6,045
Staff development		10,615	13,949	-	13,949	24,564
Marketing and recruiting		-	3,074	-	3,074	3,074
Technology services		849	2,889	-	2,889	3,738
Student services		33,284	3,949	-	3,949	37,233
Office expense		24,433	12,981	-	12,981	37,414
Depreciation and amortization		52,067	5,785	-	5,785	57,852
Other		<u>10,033</u>	<u>2,509</u>	<u>-</u>	<u>2,509</u>	<u>12,542</u>
		<u>\$ 4,288,170</u>	<u>\$ 702,854</u>	<u>\$ 45,118</u>	<u>\$ 747,972</u>	<u>\$ 5,036,142</u>

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES – BRONX SCHOOL

YEAR ENDED JUNE 30, 2022

	No. of Positions	Program Services	Supporting Services		Sub-total	Total
		Special Education	Management and General	Fundraising and Special Events		
Personnel services costs:						
Administrative staff personnel	3	\$ 114,262	\$ 242,701	\$ 29,723	\$ 272,424	\$ 386,686
Instructional personnel	<u>33</u>	<u>1,814,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,814,658</u>
Total salaries and staff	36	1,928,920	242,701	29,723	272,424	2,201,344
Fringe benefits and payroll taxes		492,370	54,499	5,247	59,746	552,116
Retirement		19,382	6,202	258	6,460	25,842
Legal fees		-	4,729	-	4,729	4,729
Accounting and auditing services		-	18,555	-	18,555	18,555
Other professional and consulting services		94,653	125,482	298	125,780	220,433
In-kind - contributed rent		931,849	103,538	-	103,538	1,035,387
Repairs and maintenance		1,144	286	-	286	1,430
Insurance		21,876	5,469	-	5,469	27,345
Supplies and materials		44,201	-	-	-	44,201
Equipment and furnishings		2,430	1,045	-	1,045	3,475
Staff development		7,893	14,625	-	14,625	22,518
Marketing and recruiting		-	2,960	-	2,960	2,960
Technology services		849	2,888	-	2,888	3,737
Student services		14,841	3,710	-	3,710	18,551
Office expense		21,860	11,737	-	11,737	33,597
Depreciation and amortization		100,305	11,145	-	11,145	111,450
Other		6,421	1,605	-	1,605	8,026
		<u>\$ 3,688,994</u>	<u>\$ 611,176</u>	<u>\$ 35,526</u>	<u>\$ 646,702</u>	<u>\$ 4,335,696</u>

NYC AUTISM CHARTER SCHOOLS

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
NYC Autism Charter Schools

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 NYC Autism Charter Schools, 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 19, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 19, 2022