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# **WILDFLOWER NEW YORK CHARTER SCHOOL**

**Audited Financial Statements In Accordance  
With Government Auditing Standards**

**June 30, 2022**

# WILDFLOWER NEW YORK CHARTER SCHOOL

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## **Independent Auditors' Report**

To the Board of Trustees of  
Wildflower New York Charter School

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

We have audited the accompanying financial statements of Wildflower New York Charter School (the "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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2022, and the changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these 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 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 School's ability to continue as a going concern for a reasonable period of time.

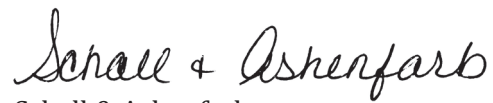
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

We have previously audited the School's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the period from inception through 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 27, 2022, on our consideration of the 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 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 School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Schall & Ashenfarb". The script is cursive and fluid.

Schall & Ashenfarb  
Certified Public Accountants, LLC

October 27, 2022

**WILDFLOWER NEW YORK CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2022**  
(With comparative totals at June 30, 2021)

|   | <u>6/30/22</u>          | <u>6/30/21</u>          |
|---|-------------------------|-------------------------|
| <b>Assets</b>   |                         |                         |
| Cash and cash equivalents                                 | \$14,614                | \$63,816                |
| Government grants receivable - per pupil funding (Note 3) | 37,750                  | 78,120                  |
| Government grants receivable - other                      | 547,314                 | 472,799                 |
| Contributions receivable                                  | 108,822                 | 0                       |
| Prepaid expenses and other assets                         | 24,241                  | 22,733                  |
| Fixed assets (Note 4)                                     | 120,065                 | 9,125                   |
| Restricted cash (Note 5)                                  | <u>25,042</u>           | <u>25,000</u>           |
| Total assets  | <u><u>\$877,848</u></u> | <u><u>\$671,593</u></u> |
| <b>Liabilities and Net Assets</b>                         |                         |                         |
| Liabilities:  |                         |                         |
| Accounts payable and accrued expenses                     | \$381,210               | \$152,780               |
| Due to The Wildflower Foundation (Note 6)                 | 294,667                 | 264,937                 |
| Loans payable (Note 7)                                    | <u>0</u>                | <u>173,457</u>          |
| Total liabilities   | <u><u>675,877</u></u>   | <u><u>591,174</u></u>   |
| Net assets - without donor restrictions                   | <u>201,971</u>          | <u>80,419</u>           |
| Total liabilities and net assets                          | <u><u>\$877,848</u></u> | <u><u>\$671,593</u></u> |

*The attached notes and auditors' report are an integral part of these financial statements.*

**WILDFLOWER NEW YORK CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

(With comparative totals for the period from inception through June 30, 2021)

|  | <u>6/30/22</u>          | <u>6/30/21</u>         |
|--|-------------------------|------------------------|
| <b>Without donor restrictions:</b>           |                         |                        |
| Public support and revenue:                  |                         |                        |
| Public school district revenue: (Note 3)     |                         |                        |
| Resident student enrollment                  | \$354,583               | \$209,164              |
| Students with special education services     | 77,526                  | 79,252                 |
| Pre-kindergarten students                    | <u>25,200</u>           | <u>100,800</u>         |
| Total public school district revenue         | 457,309                 | 389,216                |
| New York City rental assistance              | 104,460                 | 62,749                 |
| Other government grants                      | 551,609                 | 478,591                |
| Contributions                                | 109,092                 | 15,085                 |
| Other income                                 | <u>42</u>               | <u>0</u>               |
| Total public support and revenue             | <u>1,222,512</u>        | <u>945,641</u>         |
| Expenses:                                    |                         |                        |
| Program services:                            |                         |                        |
| Regular education                            | 510,720                 | 245,377                |
| Special education                            | 271,534                 | 163,585                |
| Pre-kindergarten                             | <u>74,333</u>           | <u>258,334</u>         |
| Total program services                       | 856,587                 | 667,296                |
| Supporting services - management and general | <u>244,373</u>          | <u>197,926</u>         |
| Total expenses                               | <u>1,100,960</u>        | <u>865,222</u>         |
| Change in net assets                         | 121,552                 | 80,419                 |
| Net assets - beginning of year               | <u>80,419</u>           | <u>0</u>               |
| Net assets - end of year                     | <u><u>\$201,971</u></u> | <u><u>\$80,419</u></u> |

*The attached notes and auditors' report are an integral part of these financial statements.*

**WILDFLOWER NEW YORK CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

(With comparative totals for the period from inception through June 30, 2021)

|                                     | Program Services  |                   |                    |                        | Supporting Services    |                        |                        |
|-------------------------------------|-------------------|-------------------|--------------------|------------------------|------------------------|------------------------|------------------------|
|                                     | Regular Education | Special Education | Pre - Kindergarten | Total Program Services | Management and General | Total Expenses 6/30/22 | Total Expenses 6/30/21 |
| Salaries                            | \$207,592         | \$110,366         | \$30,208           | \$348,166              | \$38,126               | \$386,292              | \$258,657              |
| Payroll taxes and employee benefits | 40,979            | 21,787            | 5,963              | 68,729                 | 7,526                  | 76,255                 | 48,618                 |
| Total personnel costs               | 248,571           | 132,153           | 36,171             | 416,895                | 45,652                 | 462,547                | 307,275                |
| Professional fees                   | 109,916           | 58,442            | 16,003             | 184,361                | 163,434                | 347,795                | 436,684                |
| Curriculum and classroom expenses   | 26,769            | 14,233            | 3,898              | 44,900                 |                        | 44,900                 | 15,548                 |
| Occupancy expense                   | 57,787            | 30,723            | 8,409              | 96,919                 | 10,613                 | 107,532                | 82,667                 |
| Office expenses                     | 7,428             | 3,949             | 1,081              | 12,458                 | 1,365                  | 13,823                 | 8,572                  |
| Professional development            | 50,711            | 26,963            | 7,383              | 85,057                 |                        | 85,057                 | 3,330                  |
| Insurance                           | 6,586             | 3,501             | 958                | 11,045                 | 1,210                  | 12,255                 | 8,495                  |
| Recruitment and outreach            |                   |                   |                    | 0                      | 20,138                 | 20,138                 | 0                      |
| Other expenses                      |                   |                   |                    | 0                      | 1,419                  | 1,419                  | 461                    |
| Depreciation                        | 2,952             | 1,570             | 430                | 4,952                  | 542                    | 5,494                  | 2,190                  |
| Total expenses                      | \$510,720         | \$271,534         | \$74,333           | \$856,587              | \$244,373              | \$1,100,960            | \$865,222              |

*The attached notes and auditors' report are an integral part of these financial statements.*



**WILDFLOWER NEW YORK CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

(With comparative totals for the period from inception through June 30, 2021)

|  | <u>6/30/22</u>         | <u>6/30/21</u>         |
|--|------------------------|------------------------|
| Cash flows from operating activities:  |                        |                        |
| Change in net assets   | \$121,552              | \$80,419               |
| Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities: |                        |                        |
| Depreciation   | 5,494                  | 2,190                  |
| Changes in assets and liabilities:   |                        |                        |
| Government grants receivable - per pupil funding   | 40,370                 | (78,120)               |
| Government grants receivable - other   | (74,515)               | (472,799)              |
| Contributions receivable   | (108,822)              | 0                      |
| Prepaid expenses and other assets  | (1,508)                | (22,733)               |
| Accounts payable and accrued expenses  | 228,430                | 152,780                |
| Due to The Wildflower Foundation   | 29,730                 | 264,937                |
| Total adjustments  | <u>119,179</u>         | <u>(153,745)</u>       |
| Net cash flows provided by/(used for) operating activities   | <u>240,731</u>         | <u>(73,326)</u>        |
| Cash flows from investing activities:  |                        |                        |
| Purchases of furniture and equipment   | <u>(116,434)</u>       | <u>(11,315)</u>        |
| Net cash used for investing activities   | <u>(116,434)</u>       | <u>(11,315)</u>        |
| Cash flows from financing activities:  |                        |                        |
| Loan proceeds  | 0                      | 196,137                |
| Loan repayments  | <u>(173,457)</u>       | <u>(22,680)</u>        |
| Net cash (used for)/provided by financing activities   | <u>(173,457)</u>       | <u>173,457</u>         |
| Net (decrease)/increase in cash, cash equivalents and restricted cash                                  | (49,160)               | 88,816                 |
| Cash, cash equivalents and restricted cash - beginning of year   | <u>88,816</u>          | <u>0</u>               |
| Cash, cash equivalents and restricted cash - end of year   | <u><u>\$39,656</u></u> | <u><u>\$88,816</u></u> |
| Cash, cash equivalents and restricted cash:  |                        |                        |
| Cash and cash equivalents  | \$14,614               | \$63,816               |
| Restricted cash  | <u>25,042</u>          | <u>25,000</u>          |
| Total cash, cash equivalents and restricted cash   | <u><u>\$39,656</u></u> | <u><u>\$88,816</u></u> |

No taxes or interest were paid.

*The attached notes and auditors' report are an integral part of these financial statements.*

**WILDFLOWER NEW YORK CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Nature of Activities**

Wildflower New York Charter School (the “School”), located in the South Bronx, New York, is a nonprofit education corporation chartered by the Board of Trustees of the State University of New York (“SUNY”). The School was founded in 2019 and enrolled students for the first time in the fall of 2021.

The School is currently made up of two small schools, Gloria Alston Children’s Learning Center and The Rose School, which are open for enrollment and can only be entered through a random lottery. The Gloria Alston Children’s Learning Center, a primary school, serves Pre-K and Kindergarten students. The Rose School, a lower elementary school, served First Grade in the 2020-2021 school year and expanded to serve both First and Second Grade in the 2021-22 academic year. The School completed the 2021-2022 academic year with an average enrollment of approximately 23 students.

The School is a publicly funded, privately managed school, which operates independently of but in partnership with the New York City Department of Education. On January 2, 2019, the School was granted a provisional charter by SUNY that expires and will be eligible for renewal on June 30, 2025.

The School has the following programs:

- *Regular Education* – Instruction provided to students from Kindergarten through 2<sup>nd</sup> grade.
- *Special Education* – Instruction that is specially designed to meet the unique needs of children with disabilities.
- *Pre-Kindergarten* – Instruction provided to children who are four years of age on or before December 1<sup>st</sup> of the school year.

The School has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The School has not been designated as a private foundation.

The School is affiliated with The Wildflower Foundation (“TWF”), a Minnesota nonprofit organization, and as such is part of the Wildflower Network, a decentralized network of Montessori schools that share a core set of operating values and design principles but are independent of each other. Wildflower schools are teacher led, student centered, small in scale, diverse by design, and neighborhood nested. TWF supports educators in creating and operating Wildflower schools in their own communities. The School agrees to abide by Wildflower’s Network Policies, which are promulgated by TWF, in exchange for the use of trademarks, technical support, and other benefits. TWF does not meet the requirements for consolidation because the School does not exercise control over TWF.

## Note 2 - Summary of Significant Accounting Policies

### a. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

### b. Basis of Presentation

The School reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. The School did not have any net assets with donor restrictions at June 30, 2022 and 2021.

### c. Revenue Recognition

The School follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return or release from obligations and are recognized as income once conditions have been substantially met.

The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions, and fall under FASB ASC 958-605. Revenue from these transactions is recognized based on rates established by the School's funding sources and when performance related outcomes are achieved, or qualifying expenditures are incurred, as well as other conditions under the agreements are met.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discounted rate. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2022 or June 30, 2021. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollectable. Conditional contributions are recognized as income when the conditions have been substantially met.

d. Cash and Cash Equivalents

Checking and money market accounts with local banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statement of cash flows. Cash maintained in escrow per requirements of the NYCDOE are treated as restricted cash.

e. Concentration of Credit Risk

Financial instruments which potentially subject the School to a concentration of credit risk, consist of cash accounts which have been placed with a financial institution that management deems to be creditworthy. At various times of the year, cash balances may exceed federally insured limits. At June 30, 2022, there were no significant uninsured balances.

f. Capitalization Policy

Computer hardware, furniture and equipment are capitalized at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of pre-defined amounts that have a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Computers and equipment – *3 to 5 years*

Furniture and fixtures – *7 years*

g. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

Salaries were allocated using time and effort as the basis. The following costs were allocated using the salary allocation as the basis:

- Payroll taxes and employee benefits
- Occupancy expense
- Office expenses
- Insurance
- Depreciation

Certain program expenses have been allocated between Regular Education, Special Education, and Pre-Kindergarten based on student FTE rates. All other expenses have been charged directly to the applicable program or supporting services.

h. Advertising Costs

The cost of advertising is expensed as incurred.

i. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

j. Contingencies

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.

k. Accounting for Uncertainty of Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2021, the School's initial filing, and later are subject to examination by applicable taxing authorities.

l. Comparative Financial Information

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

m. New Accounting Pronouncement

FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The School is in the process of evaluating the impact this standard will have on future financial statements.

**Note 3 - Government Grants Receivable – Per Pupil Funding**

Activity related to the per pupil contracts can be summarized as follows:

|                                 | <u>6/30/22</u>   | <u>6/30/21</u>   |
|---------------------------------|------------------|------------------|
| Beginning grants receivable     | \$78,120         | \$0              |
| Funding based on allowable FTEs | 457,309          | 389,216          |
| Advances received               | <u>(497,679)</u> | <u>(311,096)</u> |
| Ending grants receivable        | <u>\$37,750</u>  | <u>\$78,120</u>  |

**Note 4 - Fixed Assets**

Fixed assets consist of the following:

|                                | <u>6/30/22</u>   | <u>6/30/21</u> |
|--------------------------------|------------------|----------------|
| Computers and equipment        | \$106,936        | \$11,315       |
| Furniture and fixtures         | <u>20,813</u>    | <u>0</u>       |
|                                | 127,749          | 11,315         |
| Less: accumulated depreciation | <u>(7,684)</u>   | <u>(2,190)</u> |
| Total fixed assets, net        | <u>\$120,065</u> | <u>\$9,125</u> |

**Note 5 - Restricted Cash**

An escrow account has been established to meet the requirement of the NYCDOE. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

**Note 6 - Due to The Wildflower Foundation**

As described in Note 1, TWF is a nonprofit entity established to support educators in opening and operating their own Wildflower schools. TWF paid certain start-up costs for the School during the period from inception through June 30, 2022. These costs were apart from TWF affiliation fees, which are waived for the first five years of operations under the provisional charter period. The cumulative amount due from the School to TWF was \$294,667 and \$264,937 as of June 30, 2022 and 2021, respectively.

**Note 7 - Loans Payable**

The School had two separate loan agreements, which can be summarized as follows:

- On September 28, 2020, the School received an interest-free loan from another non-profit organization for \$46,137 to fund the School's operating expenses. The City of New York withheld payments which it owed to the School to repay the balance on this loan. The balance on the loan was \$23,457 as of June 30, 2021, and the loan was repaid in full during fiscal year 2022. There was no outstanding balance on this loan as of June 30, 2022.
- On December 3, 2020, the School received an interest-free loan from another non-profit organization for \$150,000 to support the School's response as it relates to COVID-19 distance learning. This loan was repaid in full during fiscal year 2022, and there was no outstanding balance on this loan as of June 30, 2022.

**Note 8 - Significant Concentrations**

The School is dependent upon grants from the NYCDOE to carry out its operations. Approximately 46% and 48% of the School's total public support and revenue was from the NYCDOE for the years ended June 30, 2022 and 2021, respectively.

**Note 9 - Commitments**

The School occupies space under a lease that expires on June 30, 2023. Future minimum payments under this lease are \$201,012 for the year ending June 30, 2023.

**Note 10 - Availability and Liquidity**

The School's financial assets available to meet cash needs for general expenditures within one year at June 30, 2022 are \$708,500, which consist of cash and cash equivalents of \$14,614, grants receivable from per pupil funding of \$37,750, other grants receivable of \$547,314, and contributions receivable of \$108,822. There are no external or internal limits imposed on these balances. As part of its liquidity management, the School operates its programs within a board approved budget and relies on grants and contributions to fund its operations and program activities.

**Note 11 - Subsequent Events**

Subsequent events have been evaluated through October 27, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

**Note 12 - Other Matters**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the School operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.



**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 AUDITORS' REPORT**

To the Board of Trustees of  
Wildflower New York Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wildflower New York Charter School (the "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 27, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 have not been identified.



### ***Report on Compliance and Other Matters***

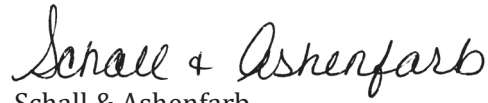
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2022-001.

### ***Management of the School's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***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.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

October 27, 2022

**WILDFLOWER NEW YORK CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2022**

Current Year:

**2022-001 – Minimum Escrow Account Balances**

Criteria: The State University of New York requires every charter school to create a dissolution reserve account for purposes of school closure and/or dissolution. After three years of operation a charter school is required to maintain a minimum balance in its escrow account of \$50,000.

Condition: As of June 30, 2022, the balance in the School's escrow account was \$25,042.

Cause: The School did not transfer additional funds to the escrow account until August 2022.

Effect: The School was not in compliance with its charter school agreement nor the State University of New York's requirements for minimum escrow deposits.

Recommendation: The School should take steps to ensure its escrow account is properly funded.

Views of Responsible Officials: See corrective action plan attached.

Prior Year:

None



## Wildflower New York Charter School

### Corrective Action Plan

#### 2022-001 – Minimum Escrow Account Balances

Due to a funding delay from two government contracts, the School was unable to fund the escrow account by June 30. Upon receipt of the delayed funding, the School deposited the required funds into the escrow account.