

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, 2023
(With Comparative Totals for 2022)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

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, 2023, 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, 2023, 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.

Change in Accounting Principle

As discussed in Note A to the financial statements, NYC Autism Charter Schools, in the year ended June 30, 2023, the Charter School adopted new accounting guidance related to accounting for leases. Our opinion is not modified with respect to this matter.

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

We have previously audited NYC Autism Charter Schools' June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 18, 2023 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 18, 2023

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(With Comparative Totals for 2022)

	<u>June 30,</u>	
<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,109,615	\$ 935,649
Investments	5,088,140	5,033,724
Grants and contracts receivable	77,686	131,852
Prepaid expenses	<u>27,840</u>	<u>18,208</u>
TOTAL CURRENT ASSETS	6,303,281	6,119,433
<u>PROPERTY AND EQUIPMENT, net</u>	312,960	219,090
<u>OTHER ASSETS</u>		
Deposit on property and equipment	-	19,150
Cash in escrow	<u>152,340</u>	<u>151,951</u>
	<u>152,340</u>	<u>171,101</u>
TOTAL ASSETS	<u>\$ 6,768,581</u>	<u>\$ 6,509,624</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	<u>\$ 547,283</u>	<u>\$ 379,571</u>
TOTAL CURRENT LIABILITIES	547,283	379,571
<u>NET ASSETS</u>		
Without donor restrictions	6,137,360	6,024,134
With donor restrictions	<u>83,938</u>	<u>105,919</u>
TOTAL NET ASSETS	<u>6,221,298</u>	<u>6,130,053</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,768,581</u>	<u>\$ 6,509,624</u>

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, 2023
(With Comparative Totals for 2022)

	Year ended June 30,			
	2023		2022	
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains and other support:				
Public school district:				
Students with disabilities	\$ 7,639,048	\$ -	\$ 7,639,048	\$ 7,548,450
Grants and contracts:				
State and local	30,000	-	30,000	30,000
Federal - Title and IDEA	42,023	-	42,023	55,708
Federal - other	57,333	-	57,333	366,590
In-kind - contributed rent	2,291,714	-	2,291,714	2,264,535
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	10,060,118	-	10,060,118	10,265,283
Expenses:				
Program services:				
Special education	8,667,605	-	8,667,605	7,977,164
Management and general	1,522,320	-	1,522,320	1,314,030
Fundraising and special events	104,972	-	104,972	80,644
TOTAL OPERATING EXPENSES	10,294,897	-	10,294,897	9,371,838
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(234,779)	-	(234,779)	893,445
Support and other revenue:				
Contributions:				
Foundations	46,090	75,000	121,090	110,459
Individuals	149,133	-	149,133	163,503
Investment income	55,558	-	55,558	4,132
Miscellaneous income	243	-	243	14,842
Net assets released from restriction	96,981	(96,981)	-	-
TOTAL SUPPORT AND OTHER REVENUE	348,005	(21,981)	326,024	292,936
CHANGE IN NET ASSETS	113,226	(21,981)	91,245	1,186,381
Net assets at beginning of year	6,024,134	105,919	6,130,053	4,943,672
NET ASSETS AT END OF YEAR	\$ 6,137,360	\$ 83,938	\$ 6,221,298	\$ 6,130,053

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

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

		Year ended June 30,					
		2023					2022
		Program Services	Supporting Services				
	No. of	Special	Management	Fundraising			
	Positions	Education	and	and	Sub-total	Total	Total
			General	Special Events			
Personnel services costs:							
Administrative staff personnel	8	\$ 145,668	\$ 619,944	\$ 85,813	\$ 705,757	\$ 851,425	\$ 846,364
Instructional personnel	79	4,525,270	-	-	-	4,525,270	3,905,704
Total salaries and staff	87	4,670,938	619,944	85,813	705,757	5,376,695	4,752,068
Fringe benefits and payroll taxes		1,222,007	132,363	13,236	145,599	1,367,606	1,217,104
Retirement		66,656	21,330	888	22,218	88,874	75,693
Legal fees		-	21,842	-	21,842	21,842	9,458
Accounting and auditing services		-	29,918	-	29,918	29,918	37,110
Other professional and consulting services		218,359	345,993	621	346,614	564,973	475,189
In-kind - contributed rent		2,062,543	229,171	-	229,171	2,291,714	2,264,535
Repairs and maintenance		7,888	1,972	-	1,972	9,860	7,003
Insurance		48,995	12,250	-	12,250	61,245	54,688
Utilities		-	2,669	-	2,669	2,669	2,037
Supplies and materials		116,570	4,414	4,414	8,828	125,398	90,177
Equipment and furnishings		12,415	6,787	-	6,787	19,202	9,520
Staff development		9,295	20,785	-	20,785	30,080	47,082
Marketing and recruiting		-	5,575	-	5,575	5,575	6,034
Technology services		2,992	8,095	-	8,095	11,087	7,475
Student service		62,851	11,356	-	11,356	74,207	55,784
Office expenses		47,902	34,346	-	34,346	82,248	71,011
Depreciation and amortization		115,481	12,832	-	12,832	128,313	169,302
Other		2,713	678	-	678	3,391	20,568
		<u>\$ 8,667,605</u>	<u>\$ 1,522,320</u>	<u>\$ 104,972</u>	<u>\$ 1,627,292</u>	<u>\$ 10,294,897</u>	<u>\$ 9,371,838</u>

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

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

	Year ended June 30,	
	2023	2022
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 91,245	\$ 1,186,381
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	128,313	169,302
Realized and unrealized gain on investments	(686)	(2,441)
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	54,166	(65,742)
Prepaid expenses	(9,632)	(18,208)
Accounts payable and accrued expenses	167,712	(39,624)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	431,118	1,229,668
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(203,033)	(105,969)
Deposit on property and equipment	-	(19,150)
Proceeds from maturity of investments	4,125,000	1,650,000
Purchase of investments	(4,178,730)	(3,650,049)
NET CASH USED FOR INVESTING ACTIVITIES	(256,763)	(2,125,168)
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	174,355	(895,500)
Cash and restricted cash at beginning of year	1,087,600	1,983,100
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 1,261,955	\$ 1,087,600
<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	\$ 1,109,615	\$ 935,649
Cash in escrow	152,340	151,951
Total cash and restricted cash shown in the statement of cash flows	\$ 1,261,955	\$ 1,087,600
<u>NON-CASH OPERATING ACTIVITIES</u>		
In kind - contributed rent	\$ 2,291,714	\$ 2,264,535

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

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Comparative Totals for 2022)

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, 2023

(With Comparative Totals for 2022)

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 \$83,938 and \$105,919 of net assets with donor restrictions at June 30, 2023 and 2022, 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,		
	2023	2022	2021
Grants and contracts receivable	\$ -	\$ -	\$ 36,110

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

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, 2023 and 2022. 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 \$152,340 and \$151,951 at June 30, 2023 and 2022, respectively. The agreement requires a balance be maintained to fund any audit and legal expense should the Charter School cease operations and dissolve.

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, 2023 and 2022.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

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

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 was 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, 2020 through June 30, 2023 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 for both the years ended June 30, 2023 and 2022.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

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, 2022

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, 2022, from which the summarized information was derived.

Adoption of new accounting standard - 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 adopted ASC 842 with the date of initial application of July 1, 2022 with no impact to the financial statements.

New accounting pronouncement – credit losses

In June 2016 the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13), which requires entities to use a new impairment model referred to as the current expected credit losses (CECL) model rather than incurred losses. The new standard affects accounting for loans, accounts (trade) receivable, held-to-maturity debt securities, and other financial assets included in the scope. For non-public entities, the new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. 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 18, 2023, 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, 2023

(With Comparative Totals for 2022)

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, 2023 and 2022:

	June 30,	
	2023	2022
Cash	\$ 1,109,615	\$ 935,649
Investments	5,088,140	5,033,724
Grants and contracts receivable	77,686	131,852
Total financial assets available within one year	6,275,441	6,101,225
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(83,938)	(105,919)
Total financial assets available to management for general expenditures within one year	\$ 6,191,503	\$ 5,995,306

NOTE C: INVESTMENTS

Investments at market value consisted of the following:

	June 30,	
	2023	2022
Certificates of deposit	\$ 4,499,674	\$ 3,750,000
Money market funds	-	147,000
Cash	588,466	1,136,724
Total assets at fair value	\$ 5,088,140	\$ 5,033,724

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

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, 2023 and 2022.

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, 2023

(With Comparative Totals for 2022)

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, 2023 and 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2023</u>				
Certificates of deposit	\$ -	\$ 4,499,674	\$ -	\$ 4,499,674
Cash *	-	-	-	588,466
Total assets at fair value	<u>\$ -</u>	<u>\$ 4,499,674</u>	<u>\$ -</u>	<u>\$ 5,088,140</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>

* - Investments as of June 30, 2023 and 2022 include cash in the amount of \$588,466 and \$1,136,724 intended for investment purposes.

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Equipment, furniture and fixtures	\$ 570,740	\$ 540,830
Computer equipment	421,097	399,904
Leasehold improvements	<u>1,101,884</u>	<u>954,618</u>
	2,093,721	1,895,352
Less accumulated depreciation and amortization	<u>1,780,761</u>	<u>1,676,262</u>
	<u>\$ 312,960</u>	<u>\$ 219,090</u>

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE F: NET ASSETS

Net assets with donor restrictions consisted of the follows:

	June 30,	
	2023	2022
Extended school-year program	\$ 75,000	\$ 75,000
Transition program	8,938	8,938
NEXT for Young Adult program	-	20,731
Music program	-	1,250
	<u>\$ 83,938</u>	<u>\$ 105,919</u>

Net assets without donor restrictions are as follows:

	June 30,	
	2023	2022
Undesignated	\$ 5,824,400	\$ 5,805,044
Invested in property and equipment	312,960	219,090
	<u>\$ 6,137,360</u>	<u>\$ 6,024,134</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, 2023 and 2022 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 \$2,291,714 and \$2,264,535 for the years ended June 30, 2023 and 2022, 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, 2023

(With Comparative Totals for 2022)

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>2023</u>	<u>2022</u>
Special education	\$ 2,062,543	\$ 2,038,082
Management and general	<u>229,171</u>	<u>226,453</u>
Total	<u>\$ 2,291,714</u>	<u>\$ 2,264,535</u>

NOTE H: CONTINGENCY

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

NOTE I: CONCENTRATIONS

For the years ended June 30, 2023 and 2022, approximately 76% and 74%, 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, 2023 and 2022, approximately 3% and 81%, respectively, of grants and contracts receivable were due from federal agencies relating to certain grants.

NOTE J: 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 \$88,874 and \$75,693 for the years ended June 30, 2023 and 2022, respectively.

NOTE K: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. 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.

NYC AUTISM CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE L: FINANCIAL IMPACT OF COVID-19 OUTBREAK

In response to the COVID-19 outbreak, the Federal Government passed several 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 \$4,247 and \$345,952 of revenue relating to ESSER grants during the years ended June 30, 2023 and 2022, respectively. The Charter School has fully expended its ESSER grants as of June 30, 2023.

On March 27, 2020, the CARES Act was enacted. Under the CARES Act, the Employee Retention Credit, a refundable, wage-related tax credit, was made available to eligible employers. The Charter School has applied for this credit related to the calendar year 2020 and the first two quarters of calendar year 2021. The amounts have not been approved, and therefore are not included in the accompanying financial statements. The total credits applied for is approximately \$1,429,000.

NYC AUTISM CHARTER SCHOOLS

OTHER FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

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, 2023, and have issued our report thereon dated October 18, 2023, 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, Barw & Co. LLP

Rochester, New York
October 18, 2023

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2023

	<u>East Harlem School</u>	<u>Bronx School</u>	<u>Total</u>
Revenue, gains, and other support			
Public school district:			
Students with disabilities	\$ 4,193,703	\$ 3,445,345	\$ 7,639,048
Grants and contracts:			
State and local	15,000	15,000	30,000
Federal - Title and IDEA	12,322	29,701	42,023
Federal - other	30,701	26,632	57,333
In-kind - contributed rent	<u>1,258,111</u>	<u>1,033,603</u>	<u>2,291,714</u>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	5,509,837	4,550,281	10,060,118
Expenses:			
Program services:			
Special education	4,783,882	3,883,723	8,667,605
Management and general	805,156	717,164	1,522,320
Fundraising and special events	<u>58,170</u>	<u>46,802</u>	<u>104,972</u>
TOTAL OPERATING EXPENSES	<u>5,647,208</u>	<u>4,647,689</u>	<u>10,294,897</u>
DEFICIT FROM SCHOOL OPERATIONS	(137,371)	(97,408)	(234,779)
Support and other revenue:			
Contributions:			
Foundations	91,090	30,000	121,090
Individuals	94,335	54,798	149,133
Investment income	54,999	559	55,558
Miscellaneous income	<u>150</u>	<u>93</u>	<u>243</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>240,574</u>	<u>85,450</u>	<u>326,024</u>
CHANGE IN NET ASSETS	103,203	(11,958)	91,245
Net assets at beginning of year	<u>5,391,034</u>	<u>739,019</u>	<u>6,130,053</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 5,494,237</u></u>	<u><u>\$ 727,061</u></u>	<u><u>\$ 6,221,298</u></u>

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES – EAST HARLEM SCHOOL

YEAR ENDED JUNE 30, 2023

	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	4	\$ 71,918	\$ 319,642	\$ 46,594	\$ 366,236	\$ 438,154
Instructional personnel	44	2,487,361	-	-	-	2,487,361
Total salaries and staff	48	2,559,279	319,642	46,594	366,236	2,925,515
Fringe benefits and payroll taxes		677,517	73,009	7,396	80,405	757,922
Retirement		42,801	13,696	571	14,267	57,068
Legal fees		-	10,921	-	10,921	10,921
Accounting and auditing services		-	14,959	-	14,959	14,959
Other professional and consulting services		133,651	176,766	356	177,122	310,773
In-kind - contributed rent		1,132,300	125,811	-	125,811	1,258,111
Repairs and maintenance		6,366	1,592	-	1,592	7,958
Insurance		24,497	6,125	-	6,125	30,622
Utilities		-	2,669	-	2,669	2,669
Supplies and materials		66,177	3,253	3,253	6,506	72,683
Equipment and furnishings		5,548	3,566	-	3,566	9,114
Staff development		6,762	7,950	-	7,950	14,712
Marketing and recruiting		-	2,968	-	2,968	2,968
Technology services		1,496	4,048	-	4,048	5,544
Student services		39,356	6,218	-	6,218	45,574
Office expense		25,210	24,811	-	24,811	50,021
Depreciation and amortization		61,764	6,863	-	6,863	68,627
Other		1,158	289	-	289	1,447
		<u>\$ 4,783,882</u>	<u>\$ 805,156</u>	<u>\$ 58,170</u>	<u>\$ 863,326</u>	<u>\$ 5,647,208</u>

NYC AUTISM CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES – BRONX SCHOOL

YEAR ENDED JUNE 30, 2023

		Program Services	Supporting Services			
	No. of	Special	Management	Fundraising		
	Positions	Education	and	and	Sub-total	Total
			General	Special Events		
Personnel services costs:						
Administrative staff personnel	4	\$ 73,750	\$ 300,302	\$ 39,219	\$ 339,521	\$ 413,271
Instructional personnel	35	2,037,909	-	-	-	2,037,909
Total salaries and staff	39	2,111,659	300,302	39,219	339,521	2,451,180
Fringe benefits and payroll taxes		544,490	59,354	5,840	65,194	609,684
Retirement		23,855	7,634	317	7,951	31,806
Legal fees		-	10,921	-	10,921	10,921
Accounting and auditing services		-	14,959	-	14,959	14,959
Other professional and consulting services		84,708	169,227	265	169,492	254,200
In-kind - contributed rent		930,243	103,360	-	103,360	1,033,603
Repairs and maintenance		1,522	380	-	380	1,902
Insurance		24,498	6,125	-	6,125	30,623
Supplies and materials		50,393	1,161	1,161	2,322	52,715
Equipment and furnishings		6,867	3,221	-	3,221	10,088
Staff development		2,533	12,835	-	12,835	15,368
Marketing and recruiting		-	2,607	-	2,607	2,607
Technology services		1,496	4,047	-	4,047	5,543
Student services		23,495	5,138	-	5,138	28,633
Office expense		22,692	9,535	-	9,535	32,227
Depreciation and amortization		53,717	5,969	-	5,969	59,686
Other		1,555	389	-	389	1,944
		<u>\$ 3,883,723</u>	<u>\$ 717,164</u>	<u>\$ 46,802</u>	<u>\$ 763,966</u>	<u>\$ 4,647,689</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, 2023, 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 18, 2023.

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.

Report on 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, Barw & Co. LLP

Rochester, New York
October 18, 2023