

# **Cardinal McCloskey Community Charter School**

**Financial Statements**  
Years Ended June 30, 2023 and 2022  
**and Supplemental Schedule of Expenditures**  
**of Federal Awards**  
Year Ended June 30, 2023

# **Cardinal McCloskey Community Charter School**

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Financial Statements  
Years Ended June 30, 2023 and 2022  
and Supplemental Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

# Cardinal McCloskey Community Charter School

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## **Independent Auditor's Report**

The Board of Trustees  
Cardinal McCloskey Community Charter School  
New York, New York

### ***Opinion***

We have audited the financial statements of Cardinal McCloskey Community Charter School (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our 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 the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter - Adoption of New Accounting Pronouncement***

As discussed in Note 2 to the financial statements, the School has elected to change its method of accounting for leases in the year ended June 30, 2023 due to the adoption of ASC Topic 842, 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 the School's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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



## ***Other Matters***

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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. Such 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 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.

BDO USA, P.C.  
October 31, 2023

# Cardinal McCloskey Community Charter School

## Statements of Financial Position

<i>June 30,</i>	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 4,157,679	\$ 2,698,950
Restricted cash	75,017	75,009
Grants and other receivables	1,606,798	921,938
Prepaid expenses and other assets	204,930	123,421
Due from related entities	46,330	52,848
Right of use assets, operating leases, net	4,003,569	-
Property and equipment, net	585,305	245,342
<b>Total Assets</b>	<b>\$ 10,679,628</b>	<b>\$ 4,117,508</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 579,966	\$ 399,846
Accrued salaries and other payroll related expenses	577,126	529,981
Operating lease liabilities	4,142,040	-
Due to NYC Department of Education	22,292	26,529
<b>Total Liabilities</b>	<b>5,321,424</b>	<b>956,356</b>
<b>Commitments and Contingencies (Notes 2, 3, 5, 8, 9, and 10)</b>		
<b>Net Assets</b>		
Net assets - without donor restrictions	5,358,204	3,161,152
<b>Total Net Assets</b>	<b>5,358,204</b>	<b>3,161,152</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,679,628</b>	<b>\$ 4,117,508</b>

*See accompanying notes to financial statements.*

# Cardinal McCloskey Community Charter School

## Statement of Activities

<i>Year ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
State and local per pupil operating revenue	\$ 8,908,627	\$ -	\$ 8,908,627
Government grants and contracts	1,297,708	-	1,297,708
Contributions and other income	227,600	-	227,600
Contributed non-financial assets	2,800	-	2,800
<b>Total Revenue and Support</b>	<b>10,436,735</b>	<b>-</b>	<b>10,436,735</b>
<b>Expenses</b>			
Program services:			
General education	5,215,585	-	5,215,585
Special education	1,619,454	-	1,619,454
<b>Total Program Services</b>	<b>6,835,039</b>	<b>-</b>	<b>6,835,039</b>
Supporting services:			
Management and general	1,401,824	-	1,401,824
Fundraising	2,820	-	2,820
<b>Total Supporting Services</b>	<b>1,404,644</b>	<b>-</b>	<b>1,404,644</b>
<b>Total Expenses</b>	<b>8,239,683</b>	<b>-</b>	<b>8,239,683</b>
<b>Change in Net Assets</b>	<b>2,197,052</b>	<b>-</b>	<b>2,197,052</b>
<b>Net Assets, beginning of year</b>	<b>3,161,152</b>	<b>-</b>	<b>3,161,152</b>
<b>Net Assets, end of year</b>	<b>\$ 5,358,204</b>	<b>\$ -</b>	<b>\$ 5,358,204</b>

*See accompanying notes to financial statements.*

# Cardinal McCloskey Community Charter School

## Statement of Activities

<i>Year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
State and local per pupil operating revenue	\$ 6,437,190	\$ -	\$ 6,437,190
Government grants and contracts	811,540	-	811,540
Net assets released from restrictions	54,517	(54,517)	-
<b>Total Revenue and Support</b>	<b>7,303,247</b>	<b>(54,517)</b>	<b>7,248,730</b>
<b>Expenses</b>			
Program services:			
General education	3,932,831	-	3,932,831
Special education	1,449,228	-	1,449,228
<b>Total Program Services</b>	<b>5,382,059</b>	<b>-</b>	<b>5,382,059</b>
Supporting services:			
Management and general	1,024,922	-	1,024,922
Fundraising	2,068	-	2,068
<b>Total Supporting Services</b>	<b>1,026,990</b>	<b>-</b>	<b>1,026,990</b>
<b>Total Expenses</b>	<b>6,409,049</b>	<b>-</b>	<b>6,409,049</b>
<b>Change in Net Assets</b>	<b>894,198</b>	<b>(54,517)</b>	<b>839,681</b>
<b>Net Assets, beginning of year</b>	<b>2,266,954</b>	<b>54,517</b>	<b>2,321,471</b>
<b>Net Assets, end of year</b>	<b>\$ 3,161,152</b>	<b>\$ -</b>	<b>\$ 3,161,152</b>

*See accompanying notes to financial statements.*

# Cardinal McCloskey Community Charter School

## Statement of Functional Expenses

Year ended June 30, 2023

	No. of Positions	Program Services			Supporting Services		
		General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services
Personnel service costs:							
Administrative staff personnel	13	\$ 463,344	\$ 66,192	\$ 529,536	\$ 402,186	\$ -	\$ 402,186
Instructional personnel	47	1,943,363	693,064	2,636,427	-	-	-
Non-Instructional personnel	5	-	-	-	85,562	-	85,562
<b>Total Salaries and Staff</b>	<b>65</b>	<b>2,406,707</b>	<b>759,256</b>	<b>3,165,963</b>	<b>487,748</b>	<b>-</b>	<b>3,653,711</b>
Fringe benefits and payroll taxes							
Retirement		479,329	151,216	630,545	80,102	-	710,647
Legal services		22,401	7,067	29,468	3,743	-	33,211
Accounting and audit services		-	-	-	5,147	-	5,147
Other purchases of professional and consulting services		-	-	-	39,339	-	39,339
Occupancy and facility costs							
Repairs and maintenance		40,277	10,886	51,163	470,310	2,820	524,293
Insurance		940,315	296,646	1,236,961	157,137	-	1,394,098
Utilities		264,667	83,496	348,163	44,229	-	392,392
Instructional supplies and materials		32,692	10,314	43,006	5,463	-	48,469
Equipment and furnishings		81,395	25,678	107,073	13,602	-	120,675
Staff development		253,756	66,996	320,752	-	-	320,752
Marketing and recruitment		54,745	15,970	70,715	5,298	-	76,013
Technology		56,226	17,738	73,964	9,396	-	83,360
Student services		82,199	25,932	108,131	13,736	-	121,867
Office expense		103,831	32,756	136,587	17,351	-	153,938
Depreciation and amortization		172,757	44,746	217,503	-	-	217,503
Other		79,355	25,034	104,389	13,261	-	117,650
		127,858	40,336	168,194	21,367	-	189,561
		17,075	5,387	22,462	14,595	-	37,057
<b>Total Expenses</b>		<b>\$ 5,215,585</b>	<b>\$ 1,619,454</b>	<b>\$ 6,835,039</b>	<b>\$ 1,401,824</b>	<b>\$ 2,820</b>	<b>\$ 8,239,683</b>

See accompanying notes to financial statements.

# Cardinal McCloskey Community Charter School

## Statement of Functional Expenses

Year ended June 30, 2022

	No. of Positions	Program Services			Supporting Services		
		General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services
Personnel service costs:							
Administrative staff personnel	16	\$ 631,552	\$ 122,173	\$ 753,725	\$ 354,685	\$ -	\$ 1,108,410
Instructional personnel	39	1,253,192	583,746	1,836,938	-	-	1,836,938
<b>Total Salaries and Staff</b>	<b>55</b>	<b>1,884,744</b>	<b>705,919</b>	<b>2,590,663</b>	<b>354,685</b>	<b>-</b>	<b>2,945,348</b>
Fringe benefits and payroll taxes							
Retirement		419,956	157,292	577,248	65,016	-	642,264
Legal services		18,585	6,961	25,546	2,877	-	28,423
Accounting and audit services		-	-	-	57,959	-	57,959
Other purchases of professional and consulting services		-	-	-	22,000	-	22,000
Occupancy and facility costs							
Repairs and maintenance							
Insurance		65,591	18,976	84,567	316,185	2,068	402,820
Utilities		815,136	305,304	1,120,440	126,197	-	1,246,637
Instructional supplies and materials		91,646	34,325	125,971	14,188	-	140,159
Equipment and furnishings		28,088	10,520	38,608	4,348	-	42,956
Staff development		35,652	13,353	49,005	5,519	-	54,524
Marketing and recruitment		183,043	52,955	235,998	-	-	235,998
Technology		9,720	3,641	13,361	1,505	-	14,866
Student services		71,344	26,721	98,065	11,045	-	109,110
Office expense		79,187	29,659	108,846	12,259	-	121,105
Depreciation and amortization		77,821	29,147	106,968	12,048	-	119,016
Other		30,450	8,809	39,259	-	-	39,259
		33,239	12,450	45,689	5,146	-	50,835
		80,682	30,219	110,901	12,491	-	123,392
		7,947	2,977	10,924	1,454	-	12,378
<b>Total Expenses</b>		<b>\$ 3,932,831</b>	<b>\$ 1,449,228</b>	<b>\$ 5,382,059</b>	<b>\$ 1,024,922</b>	<b>\$ 2,068</b>	<b>\$ 6,409,049</b>

See accompanying notes to financial statements.

# Cardinal McCloskey Community Charter School

## Statements of Cash Flows

<i>Year ended June 30,</i>	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from operating revenue	\$ 9,758,393	\$ 6,768,341
Cash paid to employees and suppliers	(7,770,132)	(5,572,819)
<b>Net Cash Provided by Operating Activities</b>	<b>1,988,261</b>	<b>1,195,522</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(529,524)	(145,149)
<b>Net Increase in Cash</b>	<b>1,458,737</b>	<b>1,050,373</b>
<b>Cash, Cash Equivalents and Restricted Cash, beginning of year</b>	<b>2,773,959</b>	<b>1,723,586</b>
<b>Cash, Cash Equivalents and Restricted Cash, end of year</b>	<b>\$ 4,232,696</b>	<b>\$ 2,773,959</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in net assets	\$ 2,197,052	\$ 839,681
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	189,561	123,392
Non-cash Right of use assets acquired through operating leases	1,259,190	-
Changes in operating assets and liabilities:		
Grants and other receivables	(684,860)	(427,541)
Prepaid expenses and other assets	(81,509)	53,406
Due from related entities	6,518	(52,848)
Accounts payable and accrued expenses	180,120	342,784
Accrued salaries and other payroll related expenses	47,145	316,746
Principal reduction in operating lease liabilities	(1,120,719)	-
Due to NYC Department of Education	(4,237)	(98)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,988,261</b>	<b>\$ 1,195,522</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 4,157,679	\$ 2,698,950
Restricted cash	75,017	75,009
<b>Cash, Cash Equivalents and Restricted Cash, end of year</b>	<b>\$ 4,232,696</b>	<b>\$ 2,773,959</b>

*See accompanying notes to financial statements.*

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

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### 1. Nature of the Organization

Cardinal McCloskey Community Charter School (the School) is a New York State, not-for-profit educational corporation that was incorporated on November 8, 2017 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School, led by the Board of Trustees, received a charter from the Charter Schools Institute - State University of New York (SUNY-CSI) to operate a charter school in the State of New York pursuant to certain terms and conditions set forth in its approved charter application and charter agreement dated August 10, 2017. The School's charter agreement shall expire in July 2024 unless earlier terminated or renewed.

The School opened its doors in the fall of 2019 in the Bronx to kindergarten and first grade students. By the end of the 2022-23 school year, the School has expanded to fourth grade students.

The School, as determined by the Internal Revenue Service, is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC. It is also exempt under a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

### 2. Significant Accounting Policies

#### *Financial Statement Presentation*

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The classification of the School's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets - with donor restrictions or without donor restrictions - be displayed in a statement of financial position and that the amount of the change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

*Net Assets with Donor Restrictions* - These consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

*Net Assets Without Donor Restrictions* - These consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions, and are, therefore, available for general operations.

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

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### ***Cash and Cash Equivalents***

The School considers highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. The School has not experienced any losses on these accounts. An escrow account in the amount of \$75,017 and \$75,009 was held aside under the provisions of the School's charter to pay for legal and audit expenses that would be associated with a dissolution should it occur, as required by the NYSED as of June 30, 2023 and 2022, respectively.

### ***Grants and Other Receivables***

Grants and other receivables represent unconditional promises by government agencies, donors and per pupil receivable from department of education. Grants and other receivables that are expected to be collected within one year and are recorded at net realizable value are \$1,606,798 and \$921,938 at June 30, 2023 and 2022, respectively. The School has determined that no allowance for uncollectible accounts for grants and other receivables is necessary as of June 30, 2023 and 2022. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions.

### ***Contributions***

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a measurable barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the School fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets as to time or purpose restrictions.

Contributions subject to donor restrictions are recognized in changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in changes in net assets without donor restrictions in the statement of activities. At June 30, 2023 and 2022, the School had no conditional contributions.

### ***Revenue Recognition***

#### ***Per-Pupil Revenue***

The School recognizes revenues from per-pupil funding in the fiscal year in which the academic programs are provided. Per-pupil revenue is billed and received based on the total number of full-time equivalent (FTE) students and the basic charter school tuition rate for the school district of residence of the students attending the School in any given fiscal year for general education and special education. The FTE is formula-driven and based on the number of days the student has been

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

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with the School as a proportion of the number of days in the entire school year (the calculation is done by using the New York State calculator online). The School's total student population includes general education and special education students. The School has determined that revenue from its students has the same performance obligations, types of contract, and services rendered. As a result, the student body is viewed as one customer base for revenue purposes. The School uses a portfolio approach to account for per-pupil contracts as a collective group rather than recognizing revenue on an individual-contract basis. The School believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

Per-pupil invoicing is managed on a bi-monthly basis to the funding source (local school district). Billing is a function of student enrollment for the upcoming fiscal year, which is the basis for the first two invoices per-pupil due June 1<sup>st</sup> and July 31<sup>st</sup>, which is a projection. Subsequent invoices are due bi-monthly. With the implementation of an automated-invoicing process through a dedicated website, the submission of each invoice is done online. After the year is complete, the School submits the FTE per-pupil reconciliation, listing every student who attended any part of the year, and the FTE each represents. Based on this final count, it calculates how much should have been paid to the School and included in the reconciliation will be any amounts due from the funding source included in grants and other receivables on the statement of financial position at year end, or any amounts payable to the funding source included as a liability on the statement of financial position at year end, as amounts are trued up to actual based on actual numbers submitted at year end.

Additional funding is also provided to support special education services. All students who are identified to need special education services or settings have an Individualized Education Program (IEP), formalized for his or her unique needs. Based on this IEP, the student is categorized into one of three levels of service: 0-20% service, 20-60% service, or 60% or more service required and provided by the School. For a student receiving less than 20% in services, no additional funding is received. For a student receiving services between 20% and 60% and 60% or more services of the school day, additional funding per FTE is received. Billing for this support is incorporated into the per-pupil invoices and is also settled in the same FTE per-pupil reconciliation process.

As the students receive the benefit of these services simultaneously as the School is providing them, the School recognizes per-pupil revenue from these services over time. The School believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to students receiving academic or school services. The School measures the performance obligation from admission or enrollment into the School to the point when the student is discharged or the end of the school year where it is no longer required to provide services to the student, which is generally at the time of discharge or the completion of the school year. All of these services are bundled and considered a single-performance obligation, and as such, the School accounts for these bundled-performance obligations under state and local per pupil operating revenue in the statement of activities and recognizes the per-pupil revenue over time.

### *Government Grants and Contracts*

Revenue from federal, state, and local government grants and contracts is recognized by the School when qualifying expenditures are incurred and billable to the government, or when required services have been provided.

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

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### *Contract Assets and Contract Liabilities*

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification *Revenue from Contracts with Customers* (ASC 606), contract assets are to be recognized when an entity has the right to receive consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. The School does not recognize contract assets, as the right to receive consideration is unconditional in accordance with the passage of time criteria. Also, in accordance with ASC 606, contract liabilities are to be recognized when an entity is obligated to transfer goods or services for which consideration has already been received. The School does not receive consideration prior to the transfer of goods or services and, therefore, does not recognize contract liabilities.

### *Contributions of Nonfinancial Assets*

The School may receive contributed services that are an integral part of its operations. Such services are only recorded as contributions of nonfinancial assets, at their fair value, provided the services received create or enhance nonfinancial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased, if not provided by donation.

### *Property and Equipment*

Property and equipment are stated at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful life of the asset or the lease term. The School has established a \$5,000 threshold above which assets are evaluated to be capitalized. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized, based on the established threshold.

### *Impairment*

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the period ended June 30, 2023 and 2022.

### *Advertising*

The School expenses advertising costs as incurred. The School incurred \$121,867 and \$121,105 of advertising costs for the year ended June 30, 2023 and 2022, respectively, which is included in the accompanying statements of functional expenses under marketing and recruitment.

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

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### ***Functional Allocation of Expenses***

The costs of providing programs and other activities have been summarized on a functional basis and by natural classification in the accompanying statement of activities. Accordingly, certain costs have been allocated among the respective programs and activities according to the functional categories, as follows:

*Program Services* - This category represents expenses related to general education and special education for certain students requiring additional attention and guidance. These costs are allocated based on the FTE allocation method.

*Management and General* - This category represents expenses related to the overall administration and operation of the School that are not specific to any program services or development. These costs are allocated based on the FTE allocation method.

### ***Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Income Taxes***

The School is exempt from federal, state and local income taxes under Section 501(c)(3) of the IRC and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the IRC. There was no unrelated business income for the years ended June 30, 2023 and 2022.

Under GAAP, an organization must recognize the tax benefit associate with tax positions taken for tax-return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The School does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The School is subject to routine audits by a taxing authority. As of June 30, 2023, the School was not subject to any examination by a taxing authority.

### ***Recently Adopted Accounting Pronouncement***

#### ***Lease Accounting***

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The FASB issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021. The provisions of ASU 2016-02 were adopted by the School beginning July 1, 2022 following the modified retrospective method of application. See note 5 for additional information on leases.

### ***Reclassification***

Certain amounts in the 2022 financial statements were classified to conform with the 2023 presentation. These reclassifications had no effect on the School's financial position and change in net assets.

### ***Recently Issued but not yet Adopted Accounting Pronouncements***

#### ***Financial Instruments - Credit Losses***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The School is currently evaluating the impact of this ASU on its financial statements.

### **3. Liquidity and Availability of Resources**

The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The School's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<i>June 30,</i>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 4,157,679	\$ 2,698,950
Restricted cash	75,017	75,009
Grants and other receivables	1,606,798	921,938
Due from related entities	46,330	52,848
<b>Total Financial Assets Available Within One Year</b>	<b>5,885,824</b>	<b>3,748,745</b>
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by contract	(75,017)	(75,009)
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$ 5,810,807</b>	<b>\$ 3,673,736</b>

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

### 4. Property and Equipment

Property and equipment consist of the following:

June 30,

	2023	2022	Estimated Useful Lives (Years)
Furniture and fixtures	\$ 320,453	\$ 146,126	7
Computer equipment	536,560	257,606	3
Software	6,500	6,500	3
Leasehold improvements			Lesser of useful life of asset or lease term
	165,815	89,572	
	1,029,328	499,804	
Less: accumulated depreciation and amortization	(444,023)	(254,462)	
	\$ 585,305	\$ 245,342	

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$189,561 and \$123,392, respectively.

### 5. Operating Lease

As noted in note 2, beginning July 1, 2022 and following the modified retrospective method of application the School has adopted the provisions of ASC 842, *Leases*. For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), the School records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the School is reasonably certain to exercise the option to extend the lease. The lease require monthly payments of principal and interest at a rate of 2.88%. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the School has elected to use the risk-free rate plus a reasonable premium comparative for entities of similar risk. The School has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, the School accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. The School has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and liabilities in the statements of financial position.

In April 2018, the School entered into a lease agreement with Aquinas High School, Dominican Convent of Our Lady of the Rosary for leasing the premises at 685 East 182<sup>nd</sup> Street, Bronx, New York 10457. Effective July 2019, the School amended the lease agreement through July 31, 2021. As part of the lease agreement, the School was required to pay a security deposit of \$89,668, which

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

is included in the accompanying statements of financial position under prepaid expenses and other assets.

In September 2021, the School entered into a lease agreement with Dominican Convent of Our Lady of the Rosary for leasing the premises at 685 East 182nd Street, Bronx, New York 10457 effective September 1, 2021 and expiring on June 30, 2026. As part of the new lease agreement, the School was required to pay an additional security deposit of \$72,499 for the total amount of \$162,167. The lease is deemed to be an operating lease based on the underlying terms of the agreement and the criteria included in ASC 842.

The following tables summarize information related to the lease assets and liabilities:

### *Year ended June 30, 2023*

#### **Lease Costs**

Operating lease cost:		
Amortization of right-of-use assets	\$	1,259,190
Interest on lease liabilities		134,908
<b>Total Lease Cost</b>	<b>\$</b>	<b>1,394,098</b>

### *Year ended June 30, 2023*

Right-of-use assets and liabilities:		
Operating lease right-of-use assets, net of amortization	\$	4,003,569
Operating lease liabilities	\$	4,142,040

Weighted-average remaining lease term - operating leases (years)	3.00
Weighted-average discount rate - operating leases (%)	2.88

For operating leases, right-of-use assets are recorded in right-of-use assets, operating lease and lease liabilities are recorded in operating lease liabilities in the accompanying statements of financial position. The lease amortization expense and interest expense are recorded as a component of occupancy and facility costs within statements of functional expense.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of June 30, 2023:

### *Year ending June 30,*

2024	\$	1,395,329
2025		1,441,100
2026		1,484,333
<b>Total Minimum Lease Payments</b>		<b>4,320,762</b>
Less: imputed interest		(178,721)
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$</b>	<b>4,142,040</b>

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

### 6. Grants and Other Receivables

Grants and other receivables consist of federal and state entitlements and grants, as well as unconditional promises to give by donors. The School expects to collect these receivables within one year. Grants and other receivables consist of the following:

<i>June 30,</i>	<b>2023</b>	<b>2022</b>
ESSER	\$ 994,693	\$ 304,916
CSP	299,738	320,738
Title I	188,360	125,171
Per Pupil	85,347	137,317
Title II	21,612	17,117
Title IV	10,054	8,000
Other	6,994	8,679
	<b>\$ 1,606,798</b>	<b>\$ 921,938</b>

### 7. Net Assets with Donor Restrictions

There were no net assets with donor restrictions at June 30, 2023 and 2022.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

<i>June 30,</i>	<b>2023</b>	<b>2022</b>
Various start-up costs - Walton Foundation Grant	\$ -	\$ 54,517

### 8. Pension Plan

The School has adopted the Cardinal McCloskey Community Charter School 403(b) Plan (the Plan) which is qualified under Internal Revenue Code 403(b) for benefit of its eligible employees. The Plan is a defined contribution plan. There are no eligibility requirements for employees to enroll in the Plan. Employees are eligible to receive employer safe harbor contributions once they have completed six consecutive months of service. The Plan calls for the School to match 100% of an eligible employee's contribution up to 3%, plus 50% of an eligible employee's contribution between 3% and 5% of their fiscal year salary. Employees are also eligible for discretionary employer contributions. The vesting period for the Plan is based on a vesting table in which it takes two years to be partially vested and six years to be fully vested. Pension expense amounted to \$33,211 and \$28,423 for the years ended June 30, 2023 and 2022, respectively, and is included in retirement in the statements of functional expenses.

### 9. Risk Management

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks. The School also intends to defend its positions on these matters. As of June 30, 2023, there are no matters for which the School believes the ultimate outcome would have a material adverse effect on the School's financial position.

# Cardinal McCloskey Community Charter School

## Notes to Financial Statements

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The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund. The School is of the opinion that such cost disallowances, if any, will not have a material effect in the School's financial statements and will record them in the fiscal year they become known.

### **10. Concentration Risks**

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash accounts.

The School received approximately 85% and 88% of its total revenue from per-pupil funding from the NYCDOE during the year ended June 30, 2023 and 2022, respectively.

The School's grants and other receivables consist of one major grantor accounting for approximately 94% at June 30, 2023. The School's grants and other receivables consist of four major grantors accounting for approximately 73% at June 30, 2022.

The School's payables consist of two major vendors accounting for approximately 39% at June 30, 2023 and three major vendors accounting for approximately 51% at June 30, 2022.

### **11. Subsequent Events**

The School has evaluated events through October 31, 2023, which is the date the financial statements were available to be issued.

## Supplementary Information

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# Cardinal McCloskey Community Charter School

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>United States (U.S) Department of Education</b>				
Pass-through the New York State				
Education Department:				
Title I Grants to Local Education Agencies (Title I Part A of the ESEA)	84.010	Not Applicable	\$ -	\$ 235,449
Supporting Effective Instruction State Grants	84.367	Not Applicable	-	27,015
Student Support and Academic Enrichment Program	84.424	Not Applicable	-	12,567
Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B)	84.027	Not Applicable	-	54,824
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not Applicable	-	297,938
American Rescue Plan - Elementary And Secondary School Emergency Relief (ARP ESSER)	84.425U	Not Applicable	-	617,786
<b>Total U.S. Department of Education</b>			-	<b>1,245,579</b>
<b>Total Expenditures of Federal Awards</b>			\$ -	<b>\$ 1,245,579</b>

The accompanying notes are an integral part of this schedule.

# Cardinal McCloskey Community Charter School

## Notes to the Schedule of Expenditures of Federal Awards

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cardinal McCloskey Community Charter School under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. Indirect Cost Rate

The School has elected not to use the 10% de minimis indirect costs rate allowed under the Uniform Guidance.



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622 Third Ave, Suite 3100  
New York, NY 10017

## **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***

The Board of Trustees  
Cardinal McCloskey Community Charter School  
New York, New York

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 Cardinal McCloskey Community Charter School (the "School"), which comprise the School's statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2023.

### **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 were not identified.

## Report on Compliance and Other Matters

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

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.  
October 31, 2023



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622 Third Ave, Suite 3100  
New York, NY 10017

## **Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The Board of Trustees  
Cardinal McCloskey Community Charter School  
New York, New York

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Cardinal McCloskey Community Charter School's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.  
October 31, 2023

# Cardinal McCloskey Community Charter School

## Schedule of Findings and Questioned Costs Year Ended June 30, 2023

### Section I. Summary of Auditor's Results

#### Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No  
☐ Yes ☒ None reported  
☐ Yes ☒ No

Noncompliance material to financial statements noted?

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No  
☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

### Section II. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

### Section III. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.



**CARDINAL MCCLOSKEY**  
COMMUNITY CHARTER SCHOOL

REPORT TO THE BOARD OF TRUSTEES

# CARDINAL MCCLOSKEY COMMUNITY CHARTER SCHOOL

AUDIT WRAP UP: YEAR ENDED JUNE 30, 2023



# Contents

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FULL REPORT

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<a href="#"><u>ADDITIONAL REQUIRED COMMUNICATIONS</u></a>
<a href="#"><u>APPENDIX</u></a>

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the School, and is not intended and should not be used by anyone other than these specified parties.



# Welcome

October 26, 2023

To Those Charged with Governance  
Cardinal McCloskey Community Charter School

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On September 11, 2023, we presented an overview of our plan for the audit of the financial statements in accordance with *Government Auditing Standards* including the schedule of expenditures of federal awards in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) of Cardinal McCloskey Community Charter School (the "School") as of and for the year ended June 30, 2023, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the School's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the School and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

*BDO USA, P.C.*

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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Engagement Director  
jvora@bdo.com



# Executive Summary

# Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended June 30, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We expect to issue an unmodified opinion on the financial statements and release our report in October 2023.
- ▶ We expect to issue an unmodified opinion on the School's Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA).
- ▶ In planning and performing our audit of the SEFA, we considered the School's internal control over compliance with requirements that could have a direct and material effect on its major federal programs to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
- ▶ Our responsibility for other information in documents containing the School's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we will read the information included by the School and consider whether such information, or the manner of its presentation, is materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of the School's personnel throughout the course of our work



# Results of the Audit

## ACCOUNTING PRACTICES, POLICIES, AND ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the School's accounting practices, policies, and estimates:

The School's significant accounting practices and policies are those included in Note 2 to the financial statements. These accounting practices and policies are appropriate, comply with the applicable financial reporting framework and industry practice, were consistently applied, and are adequately described within Note 2 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 2 to the School's financial statements.
- ▶ The School adopted Accounting Standard Update (ASU) 2016-02, *Accounting for Leases* (Topic 842).
- ▶ There were no other changes in significant accounting policies and practices during the year ended June 30, 2023.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The School's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in Note 2 of the financial statements.

### Significant Accounting Estimates

Allowances on grants and other receivables

Useful Lives of Fixed Assets

Fair value measurements

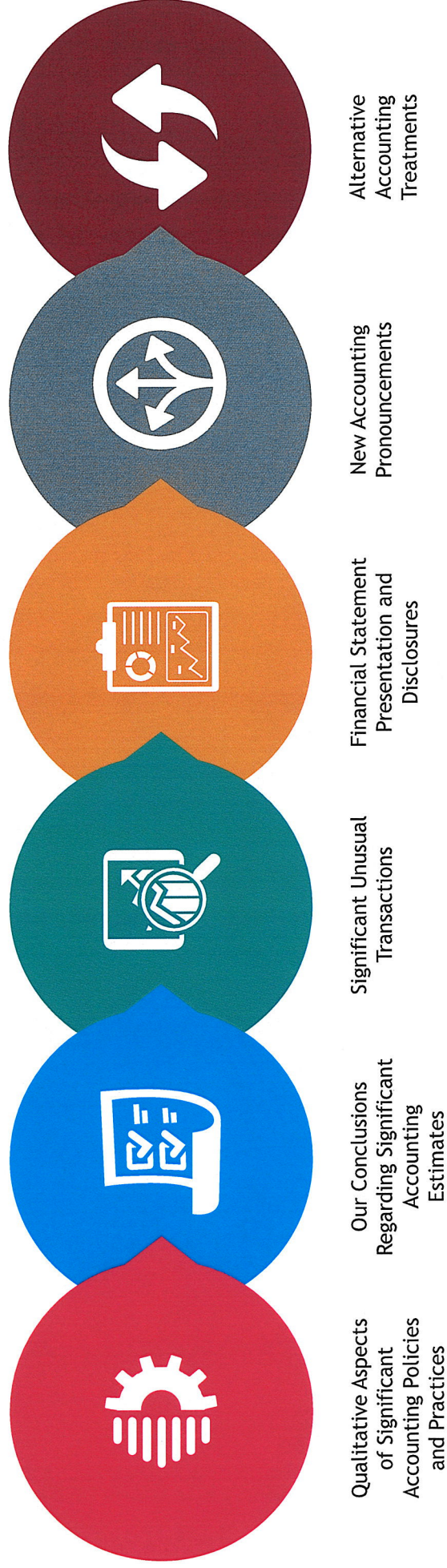
Allocation of functional expenses

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in FY 2023.

# Results of the Audit

## QUALITATIVE ASPECTS OF THE SCHOOL'S FINANCIAL REPORTING

A discussion will be held regarding the quality of the School's financial reporting, which will include:



# Results of the Audit

## CORRECTED AND UNCORRECTED MISSTATEMENTS

Certain entries were provided by the School as part of their closing process after the initial trial balance was provided. BDO was aware these entries were to come, and they are not considered audit entries and therefore not included in this audit wrap up.

There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.



## Highlights: Results of the Audit - Assets

ASSETS			
	2023	2022	Change
Cash and cash equivalents	\$ 4,157,679	\$ 2,698,950	\$ 1,458,729
Restricted cash	75,017	75,009	8
Grants and other receivables	1,606,798	921,938	684,860
Prepaid expenses and other assets	204,930	123,421	81,509
Due from related entities	46,330	52,848	(6,518)
Right of use assets, operating leases, net	4,003,569	-	4,003,569
Property and equipment, net	585,305	245,342	339,963
	<u>\$ 10,679,628</u>	<u>\$ 4,117,508</u>	<u>\$ 6,562,120</u>

- ▶ Increase in cash and cash equivalents is mainly due to the significant increase in per pupil revenue as the school expanded to fourth grade students during 2022-23. Refer to Statement of Cash Flows for the detailed changes in cash and cash equivalents.
- ▶ The increase in grants and other receivables is mainly due to the increased outstanding balance of American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER), Elementary and Secondary School Emergency Relief Fund (CRRSA/ESSER II) and CSP grants. Refer Note 6 in the financial statements for the Grants Receivable schedule.
- ▶ The increase in Right of use assets is due to the School adopting new accounting standard (ASC-842) during the fiscal year.

# Highlights: Results of the Audit - Liabilities and Net Assets

LIABILITIES AND NET ASSETS			
	2023	2022	Change
Accounts payable and accrued expenses	\$ 579,966	\$ 399,846	\$ 180,120
Accrued salaries and other payroll related expenses	577,126	529,981	47,145
Operating lease liabilities	4,142,040	-	4,142,040
Due to NYC Department of Education	22,292	26,529	(4,237)
Total Liabilities	\$ 5,321,424	\$ 956,356	\$ 4,365,068
Net assets - without donor restriction	\$ 5,358,204	\$ 3,161,152	2,197,052
Total Net Assets	\$ 5,358,204	\$ 3,161,152	2,197,052
Total Liabilities and Net Assets	\$ 10,679,628	\$ 4,117,508	\$ 6,562,120

- ▶ The increase in Lease liabilities is due to the School adopting new accounting standard (ASC-842) during the fiscal year.
- ▶ Net assets increased in relation to the current year change in net assets. See revenue and expenses pages for changes within those categories.

# Highlights: Results of the Audit - Net Assets

NET ASSETS			
	2023	2022	Change
<b>Net Assets</b>			
Net assets - without donor restriction	\$ 5,358,204	\$ 3,161,152	\$ 2,197,052
Total	<u>\$ 5,358,204</u>	<u>\$ 3,161,152</u>	<u>\$ 2,197,052</u>
Reconciliation of the Change in Net Assets	2023	2022	
Change in Net Assets	<u>\$ 2,197,052</u>	<u>\$ 839,681</u>	
Net change (Increase)	<u>\$ 1,357,371</u>		
The following represents significant fluctuations in the change in net assets between the current and prior year:			
Increase in revenue and support	\$ 3,188,005	Refer to page 12	
Increase in expenses	<u>(1,830,634)</u>	Refer to page 13	
	<u>\$ 1,357,371</u>		

## Highlights: Results of the Audit - Revenue

REVENUE AND OTHER SUPPORT					
	Without Donor Restrictions	With Donor Restrictions	2023	2022	Change
State and local per pupil operating revenue	\$ 8,908,627	\$ -	\$ 8,908,627	\$ 6,437,190	\$ 2,471,437
Government grants and contracts	1,297,708	-	1,297,708	811,540	486,168
Contributions	227,600	-	227,600	-	227,600
Contributed non-financial assets	2,800	-	2,800	-	2,800
	\$ 10,436,735	\$ -	\$ 10,436,735	\$ 7,248,730	\$ 3,188,005

- ▶ The increase in per-pupil funding is mainly due to increase in scholar count in both general education and special education FTEs in the School and due to the school expanded to fourth grade students during 2022-23. Refer FTE breakdown below.
- ▶ The increase in government grants and contracts is mainly due to the \$319k increase in Elementary and Secondary School Emergency Relief Fund (ARP/ARP ESSER). also due to revenue recognized on the School receiving Title grants, and Elementary and Secondary School Emergency Relief Fund (CRRSA/ESSER II).

FTE BREAKDOWN			
	2023	2022	Change
Total General Education FTE	367	263	104
Special Education FTE Breakdown			
Less than 20%	16	10	6
Between 20% and 60%	3	2	1
More than 60%	57	42	15
	76	55	21

# Highlights: Results of the Audit - Expenses

EXPENSES			
	2023	2022	Change
Program services:			
General education	\$ 5,215,585	\$ 3,932,831	\$ 1,282,754
Special education	1,619,454	1,449,228	170,226
Total Program services	\$ 6,835,039	\$ 5,382,059	\$ 1,452,980
Supporting services:			
Management and general	\$ 1,401,824	\$ 1,024,922	\$ 376,902
Fundraising	\$ 2,820	\$ 2,068	\$ 752
Total Supporting services	\$ 1,404,644	\$ 1,026,990	\$ 377,654
Total Expenses	\$ 8,239,683	\$ 6,409,049	\$ 1,830,634

	2023	2022	Change
Program services expense	\$ 6,835,039	\$ 5,382,059	\$ 1,452,980
Supporting services expense	1,404,644	1,026,990	377,654
Total FTE of Gen Ed Scholars	367	263	104
Program services expense per Scholar	18,624	20,443	(1,819)
Supporting services expense per Scholar	3,827	3,901	(73)
	\$ 22,451	\$ 24,344	\$ (1,892)

- ▶ The increase in program services expenses is mainly due to the increase of technology costs and student services expenses due to the School receiving ESSER grants and expending the funds in accordance with the grants purpose which included purchasing “educational technology”.
- ▶ Management and general expenses include payroll costs for School Operations and Administrative employees. The increase in management fee is due to increase in student enrollment as the School expanded to fourth grade during 2022-23, which in result increases student service expenses.
- ▶ BDO tests expenses in a “bucket” approach. Buckets are categories like payroll, depreciation, legal, etc. Any expenses not in a separate bucket is placed into an “other bucket” and then that is tested. This will allow all expenses a statical opportunity to be selected.

# Highlights: Results of the Audit - Expenses (continued)

FUNCTIONAL CLASS ANALYSIS (\$)						
	Program Services			Supporting Services		
	Regular Education	Special Education	Total	Management and General	Fundraising	Total Expenses
June 30, 2023	\$ 5,215,585	\$ 1,619,454	\$ 6,835,039	\$ 1,401,824	\$ 2,820	\$ 8,236,863
June 30, 2022	3,932,831	1,449,228	5,382,059	1,024,922	2,068	6,406,981
Increase (\$)	\$ 1,282,754	\$ 170,226	\$ 1,452,980	\$ 376,902	\$ 752	\$ 1,829,882

FUNCTIONAL CLASS ANALYSIS (%)						
	Program Services			Supporting Services		
	Regular Education	Special Education	Total	Management and General	Fundraising	Total Expenses
June 30, 2023	63%	20%	83%	17%	0%	100%
June 30, 2022	61%	23%	84%	16%	0%	100%
Increase / (Decrease) (%)	2%	-3%	-1%	1%	0%	

▶ Refer to Historical Trends section for the School's functional expenses categories relationship for FY 2020 through FY 2023.

# Highlights: Results of the Single Audit

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS					
FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	FEDERAL EXPENDITURES	
<b>U.S. Department of Education:</b>					
Passed through the New York State Education Department:					
Title I - Grants to Local Education Agencies (Title I Part A of the ESEA)	84.010	Not Applicable	\$ -	\$ 235,449	
Title II - Supporting Effective Instruction State Grants	84.367	Not Applicable	-	27,015	
Title IV - Student Support and Academic Enrichment Program	84.424	Not Applicable	-	12,567	
Special Education Cluster (IDEA):					
Special Education - Grants to States (IDEA, Part B)	84.027	Not Applicable	-	54,824	
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	Not Applicable	-	297,938	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Not Applicable	-	617,786	
<b>Total U.S. Department of Education</b>				<b>1,245,579</b>	
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 1,245,579</b>	

- ▶ For FY 2023, the School had applicable federal expenditures amounting to \$1,245,579. This amount was greater than the \$750,000 established dollar threshold and therefore subject to Single Audit under Uniform Guidance.
- ▶ Due to the School not being subject to Single Audit in the past two prior audit periods, the School does not qualify as a low-risk auditee. While this is not the only step in determining low-risk, this is the first requirement as a starting point for determining low-risk.

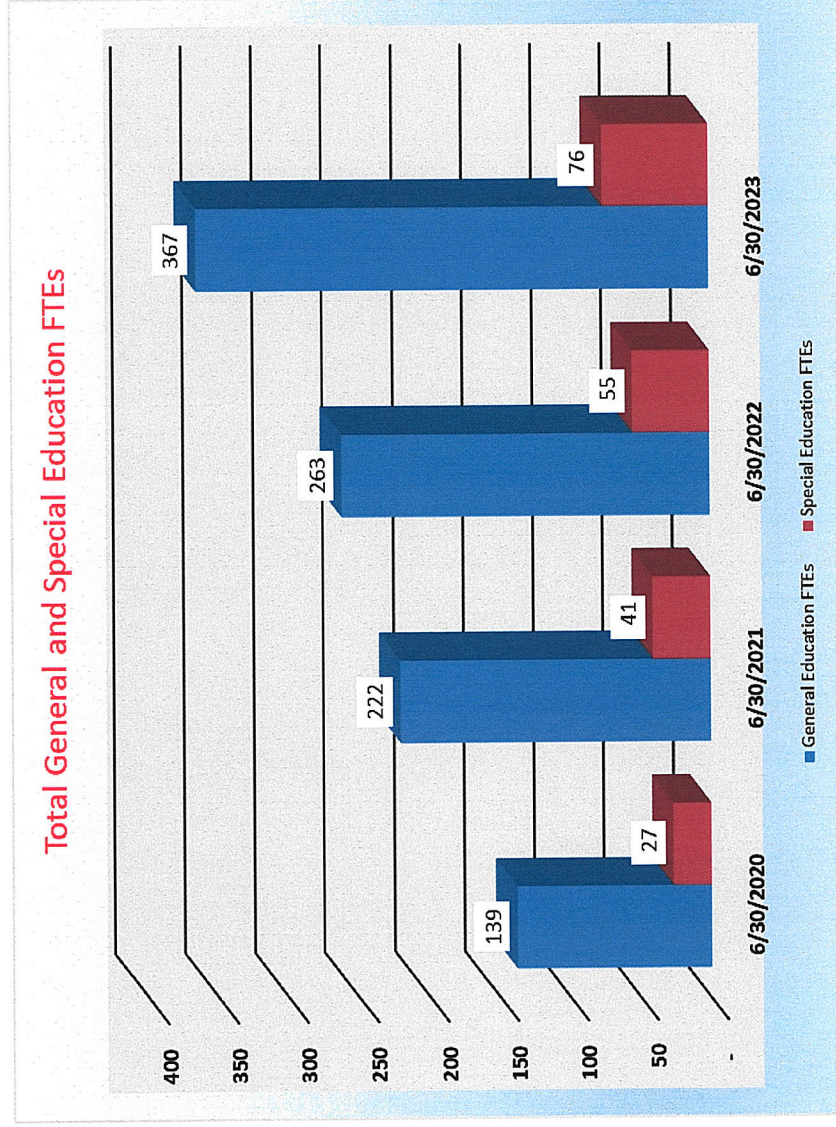
## Highlights: Results of the Single Audit (continued)

IDENTIFICATION OF MAJOR FEDERAL PROGRAMS	
CFDA Number	Name of Federal Program or Cluster
84.425D	Elementary and Secondary School Emergency Relief Fund (ESSER)
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

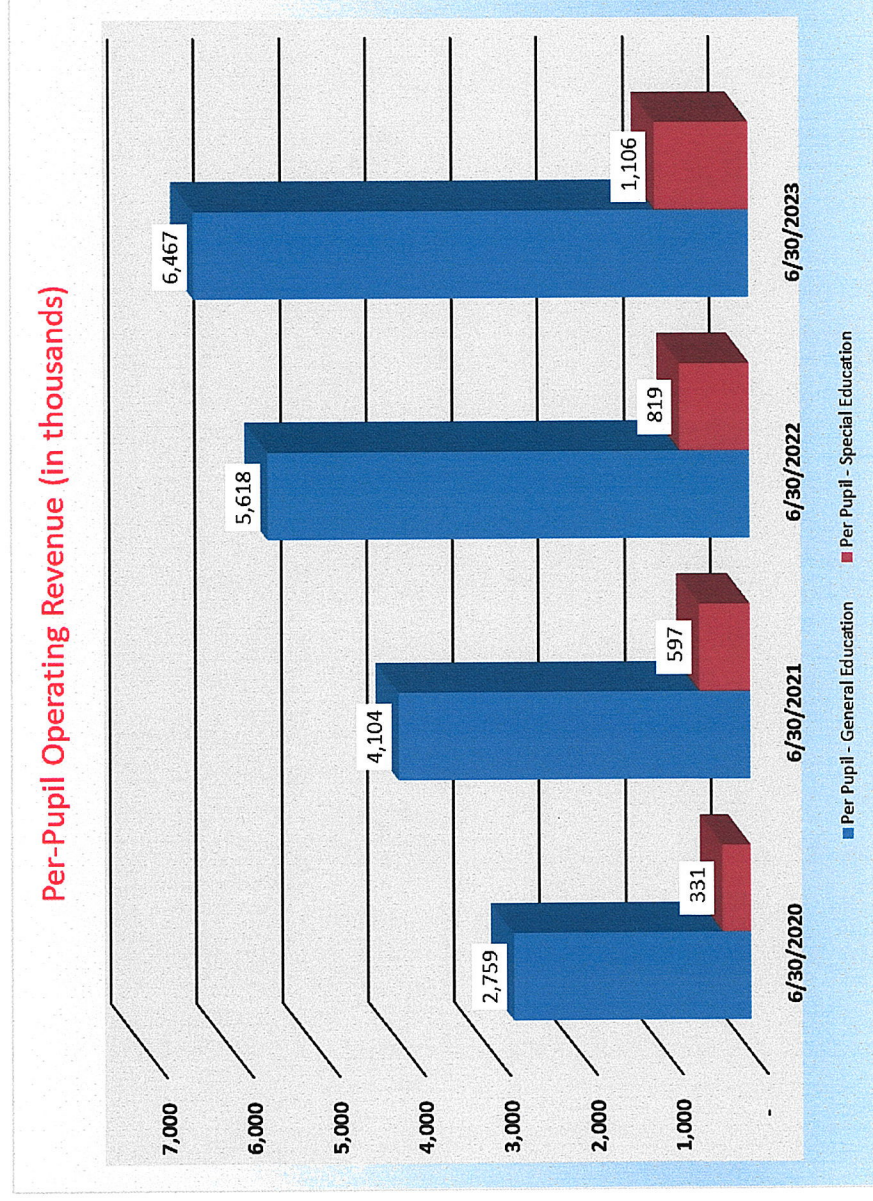
- Based on our evaluations of federal programs included in the Schedule of Expenditures of Federal Awards (SEFA), major programs audited in FY 2023 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) and Elementary and Secondary School Emergency Relief Fund (CRRSA/ESSER II).

SUMMARY OF AUDITORS RESULTS ON FEDERAL AWARDS			
Internal control over major programs:			
Material weakness(es) identified?	yes	X	no
Significant deficiency(ies) identified?	yes	X	none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified		
Any audit findings disclosed that are required to be reporting in accordance with 2 CFR 20.516(a)?	yes	X	no

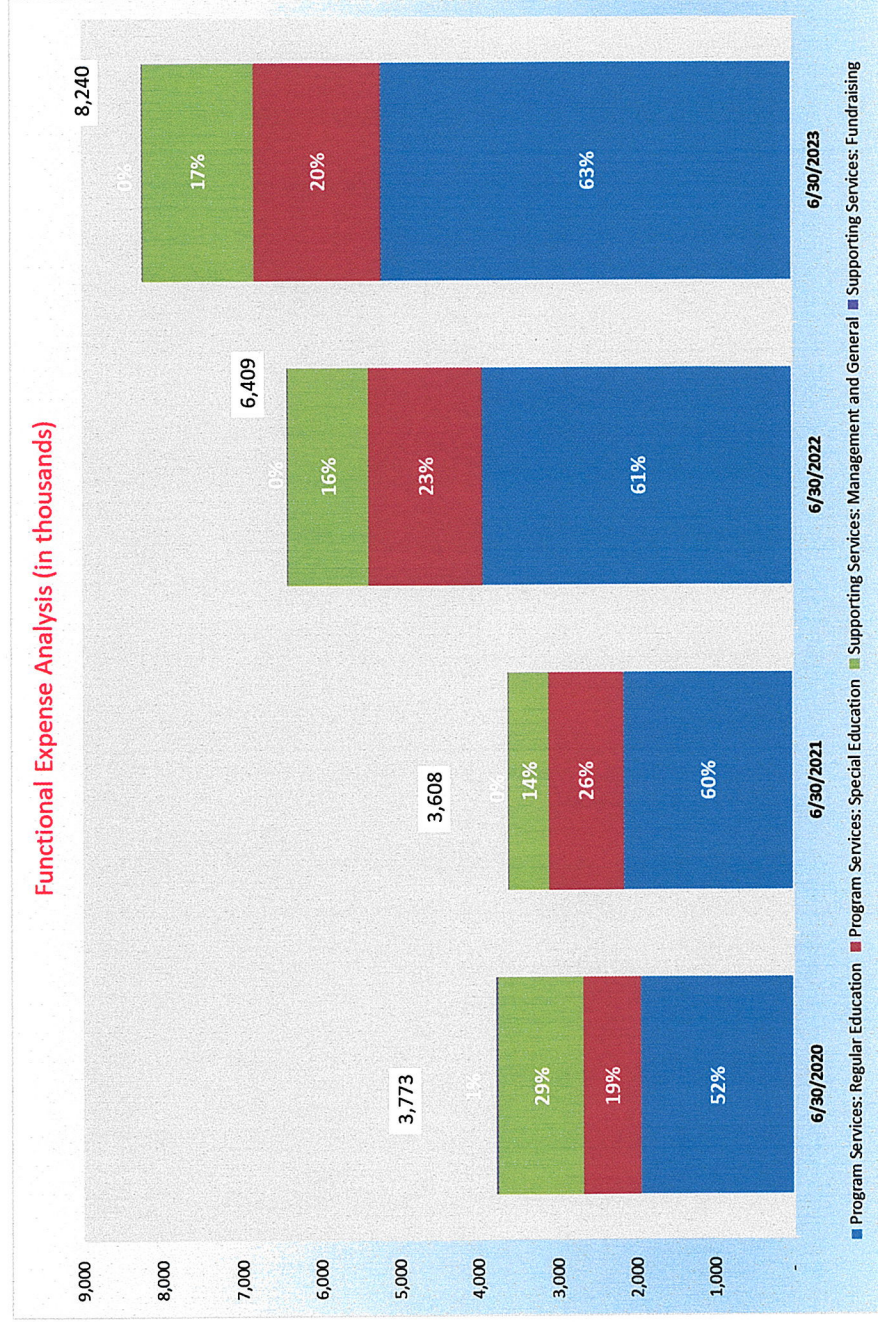
# Historical Trends



# Historical Trends



# Historical Trends



# Internal Control Over Financial Reporting

# 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 our auditing procedures 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.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the School's internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

## Additional Required Communications

# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the School:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risks of material misstatement, including fraud risks; or tips or complaints regarding the School's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
Significant findings and issues arising during the audit in connection with the School's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.

## Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the School:

Requirement	Discussion Point
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the School's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.
If applicable, other matters significant to the oversight of the School's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the School's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

# Independence

Our engagement letter to you dated June 20, 2023, describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the School with respect to independence as agreed to by the School. Please refer to that letter for further information.



# Audit Firm System of Quality Management

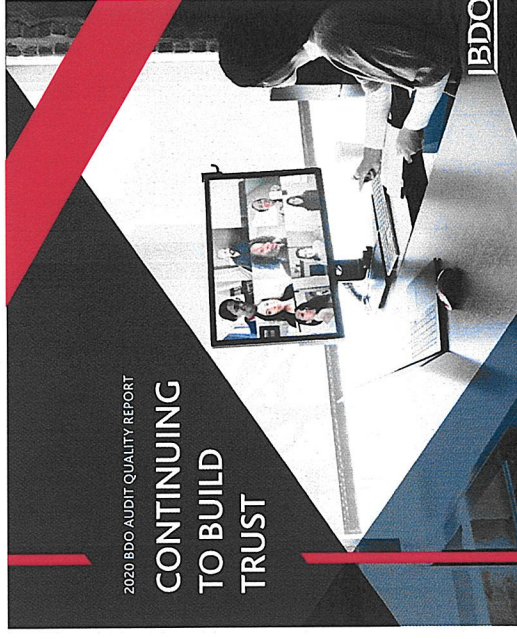
An audit firm's system of quality control (aka system of quality management) is essential to how the firm conducts audits and is in place to protect donors, stakeholders and other users of financial statements.

## QUALITY MANAGEMENT STANDARDS

In June 2022, the AICPA Auditing Standards Board (ASB) issued the following interrelated standards on audit quality management (collectively, the QM standards), which are designed to improve a CPA firm's risk assessment and audit quality. The effective date of the QM standards is December 15, 2025.

<a href="#">Statement on Quality Management Standards (SQMS) No. 1</a>	<a href="#">Statement on Quality Management Standards (SQMS) No. 2</a>	<a href="#">Statement on Auditing Standards (SAS) No. 146</a>
A Firm's System of Quality Management	Engagement Quality Reviews	Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards

BDO has assessed the requirements of the QM standards and has analyzed our firm's current system of quality management to identify changes and improvements necessary for compliance. This includes the identification of quality objectives, quality risks and the assessment of those quality risks, and responses to address those risks. We are further working with BDO Global to appropriately integrate processes deployed at a global level into our firm's system of quality management.



We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality control within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).

# Peer Review Report


## PEER REVIEWS

As a member of the AICPA, we are subject to triennial external peer reviews of the portion of our auditing practice applicable to non-SEC issuers.

Our 2021 peer review concluded that the system of quality for the firm's accounting and auditing practice applicable to non-SEC issuers was suitably designed, and the firm had complied with its own quality guidelines.

The peer review also concluded the system provided the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail.

Our firm received a rating of pass.



**Report on the Firm's System of Quality Control**

November 22, 2021

To the Partners of BDO USA, LLP and the National Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of BDO USA, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (the Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/quality](http://www.aicpa.org/quality). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remedial weaknesses in its system of quality control, if any.

**Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

**Required Selections and Considerations**

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations (SOC 1 and SOC 2 engagements).


As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of BDO USA, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. BDO USA, LLP has received a peer review rating of pass.

*Baker Tilly US, LLP*

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



National Peer Review Committee

December 09, 2021

Wayne Berson  
BDO USA, LLP  
12505 Park Potomac Ave Ste 700  
Potomac, MD 20854-5801


Dear Wayne Berson:

It is my pleasure to notify you that on December 09, 2021, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is September 30, 2024. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

  
Michael Wagner  
Chair, National PRC  
+1.919.402.4502  
cc: Jeffrey Gendreau, Michael Fawley

Review Number: 554260  
Firm Number: 900010063596

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*BDO is the brand name for the BDO network and for each of the BDO Member Firms.*

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*Material discussed in this publication is meant to provide general information and should not be acted on without professional advice tailored to your needs.*

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# Application for Automatic Extension of Time To File an Exempt Organization Return

OMB No. 1545-0047

► **File a separate application for each return.**  
► **Go to [www.irs.gov/Form8868](http://www.irs.gov/Form8868) for the latest information.**

**Electronic filing (e-file).** You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits](http://www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits).

## Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

<b>Type or print</b>  File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions.	Taxpayer identification number (TIN)
	CARDINAL MCCLOSKEY COMMUNITY CHARTER SCHOOL	82-3959799
	Number, street, and room or suite no. If a P.O. box, see instructions.	
	685 E. 182ND STREET	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	BRONX, NY 10457	

Enter the Return Code for the return that this application is for (file a separate application for each return) . . . . . **01**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12
Form 990-T (corporation)	07		

- The books are in the care of ► THE ORGANIZATION  
685 E. 182ND ST. BRONX NY 10457  
Telephone No. ► 646 660-2491 Fax No. ► \_\_\_\_\_
- If the organization does not have an office or place of business in the United States, check this box . . . . . ► ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the whole group, check this box . . . . . ► ☐. If it is for part of the group, check this box . . . . . ► ☐ and attach a list with the names and TINs of all members the extension is for.

**1** I request an automatic 6-month extension of time until 05/15, 2024, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ☐ calendar year 20 \_\_\_\_ or  
► ☒ tax year beginning 07/01, 2022, and ending 06/30, 2023.

**2** If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return  
☐ Change in accounting period

<b>3a</b> If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	<b>3a</b> \$	NONE
<b>b</b> If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	<b>3b</b> \$	NONE
<b>c Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>3c</b> \$	NONE

**Caution:** If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-TE and Form 8879-TE for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form **8868** (Rev. 1-2022)