

# **Bronx Community Charter School**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

June 30, 2024 and 2023

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Uniform Guidance Schedules  
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## **Independent Auditors' Report**

**Board of Trustees**  
**Bronx Community Charter School**

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

#### ***Opinion***

We have audited the accompanying financial statements of Bronx Community Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Bronx Community Charter School as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bronx Community Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bronx Community Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Bronx Community Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bronx Community Charter School's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Supplementary Information**

Our audits were 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* 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of Bronx Community Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bronx Community Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bronx Community Charter School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 25, 2024

## Bronx Community Charter School

### Statements of Financial Position

	June 30,	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash	\$ 5,258,850	\$ 4,521,358
Grants and contracts receivable	371,577	405,003
Prepaid expenses and other current assets	20,577	186,183
Total Current Assets	<u>5,651,004</u>	<u>5,112,544</u>
Property and equipment, net	1,154,624	1,305,947
Right of use asset - operating lease, net	14,099,409	14,669,727
Security deposits	208,308	208,308
Restricted cash	<u>75,800</u>	<u>75,470</u>
	<u>\$ 21,189,145</u>	<u>\$ 21,371,996</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 573,045	\$ 609,982
Accrued payroll and payroll taxes	790,570	758,292
Operating lease liability	539,959	350,772
Refundable advances	223,046	250,056
Total Current Liabilities	<u>2,126,620</u>	<u>1,969,102</u>
Operating lease liability, less current portion	<u>14,352,738</u>	<u>14,892,698</u>
Total Liabilities	<u>16,479,358</u>	<u>16,861,800</u>
Net assets, without donor restrictions	<u>4,709,787</u>	<u>4,510,196</u>
	<u>\$ 21,189,145</u>	<u>\$ 21,371,996</u>

See notes to financial statements

## Bronx Community Charter School

### Statements of Activities

	Year Ended June 30,	
	2024	2023
<b>REVENUE AND SUPPORT</b>		
State and local per pupil operating revenue	\$ 10,347,650	\$ 9,603,719
State and local per pupil facilities funding	781,988	869,097
Federal grants	1,265,514	1,312,848
Federal E-Rate and IDEA	143,787	117,042
State grants	36,432	37,704
Contributions and grants	349,745	375,337
Interest income	129,964	72,752
Total Revenue and Support	<u>13,055,080</u>	<u>12,388,499</u>
<b>EXPENSES</b>		
Program Services		
Regular education	10,896,674	10,988,659
Special education	1,006,099	1,001,231
Total Program Services	<u>11,902,773</u>	<u>11,989,890</u>
Supporting Services		
Management and general	921,070	767,268
Fundraising	31,646	6,785
Total Expenses	<u>12,855,489</u>	<u>12,763,943</u>
Change in Net Assets	199,591	(375,444)
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>		
Beginning of year	<u>4,510,196</u>	<u>4,885,640</u>
End of year	<u>\$ 4,709,787</u>	<u>\$ 4,510,196</u>

See notes to financial statements

**Bronx Community Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2024

	Program Services			Management and General	Fundraising	Total
	Regular Education	Special Education	Total			
Salaries	\$ 6,388,999	\$ 592,241	\$ 6,981,240	\$ 495,103	\$ 8,873	\$ 7,485,216
Employee benefits and payroll taxes	1,738,492	166,978	1,905,470	135,838	19,647	2,060,955
Consultants - educational	33,388	2,513	35,901	-	-	35,901
Consultants - other	60,490	5,665	66,155	10,411	-	76,566
Staff training and development	362,041	34,051	396,092	4,529	-	400,621
Legal	-	-	-	59,609	-	59,609
Auditing and accounting fees	-	-	-	57,293	-	57,293
Travel and entertainment	3,187	270	3,457	72	-	3,529
Field trips	180,823	13,739	194,562	-	-	194,562
Parent/student involvement	113,417	9,244	122,661	-	-	122,661
Books and curriculum	40,211	3,073	43,284	-	-	43,284
Classroom supplies	151,825	12,509	164,334	-	-	164,334
Office expense	44,693	4,011	48,704	3,588	-	52,292
Equipment lease and maintenance	18,226	1,757	19,983	1,459	-	21,442
Repairs and maintenance	280,097	29,145	309,242	21,619	-	330,861
Telephone and internet service	110,582	11,593	122,175	8,006	-	130,181
Postage and delivery	333	25	358	307	531	1,196
Insurance	71,245	7,482	78,727	4,889	-	83,616
Facility expense	1,094,578	91,401	1,185,979	91,344	2,558	1,279,881
Information technology	22,357	1,807	24,164	10,432	-	34,596
Depreciation and amortization	181,690	18,595	200,285	16,271	-	216,556
Miscellaneous	-	-	-	300	37	337
<b>Total Expenses</b>	<b>\$ 10,896,674</b>	<b>\$ 1,006,099</b>	<b>\$ 11,902,773</b>	<b>\$ 921,070</b>	<b>\$ 31,646</b>	<b>\$ 12,855,489</b>

See notes to financial statements



**Bronx Community Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2023

	Program Services			Management and General	Fundraising	Total
	Regular Education	Special Education	Total			
Salaries	\$ 6,237,961	\$ 567,493	\$ 6,805,454	\$ 409,408	\$ 3,455	\$ 7,218,317
Employee benefits and payroll taxes	1,824,434	167,975	1,992,409	124,675	495	2,117,579
Consultants - educational	27,181	2,046	29,227	-	-	29,227
Consultants - other	61,364	6,034	67,398	3,300	-	70,698
Staff training and development	415,151	34,545	449,696	13,929	-	463,625
Legal	-	-	-	8,996	-	8,996
Auditing and accounting fees	-	-	-	52,023	-	52,023
Travel and entertainment	5,043	447	5,490	157	-	5,647
Field trips	222,779	16,912	239,691	-	-	239,691
Parent/student involvement	118,597	9,838	128,435	31	-	128,466
Books and curriculum	40,860	3,737	44,597	-	-	44,597
Classroom supplies	213,312	16,898	230,210	-	-	230,210
Office expense	71,927	7,142	79,069	4,728	-	83,797
Equipment lease and maintenance	21,408	2,105	23,513	1,672	-	25,185
Repairs and maintenance	276,275	29,219	305,494	19,451	-	324,945
Telephone and internet service	104,965	11,388	116,353	7,816	-	124,169
Postage and delivery	167	15	182	36	242	460
Insurance	60,628	6,360	66,988	4,144	-	71,132
Facility expense	1,087,190	98,181	1,185,371	93,483	2,558	1,281,412
Information technology	11,842	1,035	12,877	9,353	-	22,230
Depreciation and amortization	187,575	19,861	207,436	13,241	-	220,677
Miscellaneous	-	-	-	825	35	860
<b>Total Expenses</b>	<b>\$ 10,988,659</b>	<b>\$ 1,001,231</b>	<b>\$ 11,989,890</b>	<b>\$ 767,268</b>	<b>\$ 6,785</b>	<b>\$ 12,763,943</b>

See notes to financial statements

## Bronx Community Charter School

### Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 199,591	\$ (375,444)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	216,556	220,677
Amortization of right of use assets - operating lease	570,318	554,741
Changes in operating assets and liabilities		
Grants and contracts receivable	33,426	12,229
Prepaid expenses and other current assets	165,606	96,143
Accounts payable and accrued expenses	(36,937)	25,361
Accrued payroll and payroll taxes	32,278	(48,469)
Operating lease liability	(350,773)	(595,261)
Refundable advances	(27,010)	82,169
Net Cash from Operating Activities	803,055	(27,854)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchases of property and equipment	(65,233)	(71,541)
Net Change in Cash and Restricted Cash	737,822	(99,395)
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	4,596,828	4,696,223
End of year	\$ 5,334,650	\$ 4,596,828
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for amounts included in the measurement of lease liabilities	\$ 1,019,832	\$ 940,284

See notes to financial statements

# Bronx Community Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

## 1. Organization and Tax Status

Bronx Community Charter School (the “School”) is a New York State, not-for-profit educational corporation that was incorporated on January 15, 2008 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on January 15, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York (the “Board of Regents”). During the year ended June 30, 2020, the Board of Regents extended the School’s charter for an additional five-year term expiring on June 30, 2025. The School is a small learning community founded on the principle that children learn best when they are active participants in their own learning. The students raise questions about the world around them, engage with a wide range of materials, and learn through their interactions with each other and all of the adults in the School community. Classes commenced in the Bronx, New York in August 2008 and the School provided education to approximately 467 students in kindergarten through eighth grade in the 2023-2024 academic year.

The New York City Department of Education provides free lunches directly to the School’s students. Such costs are not included in these financial statements. The Office of Pupil Transportation provides free transportation to the majority of the students during the district’s school days.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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. Accordingly, actual results could differ from those estimates.

### ***Net Asset Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Net assets without donor restrictions* – consist of resources available for the general support of the School’s operations. Net assets without donor restrictions may be used at the discretion of the School’s management and/or the Board of Trustees.

*Net assets with donor restrictions* – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions.

## Bronx Community Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Net Asset Presentation (continued)***

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2024 and 2023.

#### ***Restricted Cash***

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 5,258,850	\$ 4,521,358
Restricted cash	<u>75,800</u>	<u>75,470</u>
	<u>\$ 5,334,650</u>	<u>\$ 4,596,828</u>

#### ***Property and Equipment***

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and other equipment	3 years
Furniture and fixtures	7 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2024 and 2023.

## **Bronx Community Charter School**

Notes to Financial Statements  
June 30, 2024 and 2023

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Leases***

The School accounts for leases under ASU No. 2016-02, Leases. The School determines if an arrangement is a lease at inception. Leases are included in ROU assets and lease liabilities in the statements of financial position. All leases are recorded on the statements of financial position.

Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. The School has made an accounting policy election to use a risk-free rate, determined using a period comparable with that of the lease term, to discount future lease payments. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the School's risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term within facility expense in the accompanying statements of functional expenses. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease. When it is reasonably certain that the School will exercise that option, such amounts are included in the ROU assets and lease liabilities.

#### ***Refundable Advances***

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue. The School also records grants received prior to satisfaction of grant conditions as refundable advances.

#### ***Revenue and Support***

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as revenue without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

#### ***Functional Expense Allocation***

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses such as salaries, employee benefits and payroll taxes, staff training and development, and facility expenses have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

## Bronx Community Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Accounting for Uncertainty in Income Taxes***

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2021.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 25, 2024.

### 3. Conditional Promise To Give

During the year ended June 30, 2024, the School received a private grant totaling \$287,040 for a summer learning program. The grant contains donor conditions related to specific performance measurements. Since the grant represents a conditional promise to give, it is not recognized as contributions and grants revenue until donor conditions are met. Donor conditions were not met during the year ended June 30, 2024. At June 30, 2024, the School received an advance of \$200,928 on this grant as refundable advances in the statements of financial position.

### 4. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

### 5. Property and Equipment

Property and equipment, net consists of the following at June 30:

	2024	2023
Computers and other equipment	\$ 623,753	\$ 575,870
Furniture and fixtures	255,375	253,214
Leasehold improvements	<u>2,375,523</u>	<u>2,360,334</u>
	3,254,651	3,189,418
Accumulated depreciation and amortization	<u>(2,100,027)</u>	<u>(1,883,471)</u>
	<u>\$ 1,154,624</u>	<u>\$ 1,305,947</u>

## Bronx Community Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

### 6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	2024	2023
Cash	\$ 5,258,850	\$ 4,521,358
Grants and contracts receivable	371,577	405,003
	<u>\$ 5,630,427</u>	<u>\$ 4,926,361</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in money market accounts and other liquid instruments until it is required for operational use. The School will continue to rely on funding received from the New York Department of Education to cover its future operating costs (see Note 9).

### 7. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k) for the benefit of its eligible employees. Under the plan, the School will match employee contributions up to 6% of the employee's annual compensation after one year of service. After an employee completes five years of employment, the School matches the employee's contribution up to 7% of the employee's annual compensation. The amount charged for matching contributions and administrative fees to this plan was \$275,695 and \$291,268 for the years ended June 30, 2024 and 2023.

### 8. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and restricted cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2024 and 2023, approximately \$5,015,000 and \$4,292,000 of cash and restricted cash was maintained with institutions in excess of FDIC limits.

### 9. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2024 and 2023, the School received approximately 85% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

## Bronx Community Charter School

### Notes to Financial Statements June 30, 2024 and 2023

#### 10. Leases

On May 18, 2011, and as amended at various subsequent dates, the School entered into an agreement to lease and construct permanent office and classroom space at 3170 Webster Avenue, Bronx, New York for a period of 15 years expiring on June 30, 2028. The lease calls for three 5 year options for an additional fifteen years through June 30, 2043. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses.

On June 28, 2016, the School entered into an agreement with Bronx SC, LLC for additional classroom space at 3170 Webster Avenue, Bronx, New York for a period of 12 years expiring June 30, 2028. The lease calls for a 5 year option to extend the lease through June 30, 2033. The School moved into this space during the 2016-2017 school year.

Right of use assets consist of the following at June 30:

	2024	2023
Right-of-use assets	\$ 15,224,468	\$ 15,224,468
Less: accumulated amortization	(1,125,059)	(554,741)
	\$ 14,099,409	\$ 14,669,727
Weighted average remaining lease term	18.47 years	19.44 years
Weighted average discount rate	3.31%	3.31%

The future minimum lease payments under the facility and equipment leases are as follows for the years ending June 30:

2025	\$ 1,021,848
2026	1,023,912
2027	1,026,024
2028	1,028,184
2029	1,039,044
Thereafter	15,022,306
Total minimum lease payments	20,161,318
Present value discount	(5,268,621)
Present value of lease liabilities	14,892,697
Current portion	(539,959)
Lease liabilities, less current portion	\$ 14,352,738

Facility expense under both leases for the years ended June 30, 2024 and 2023 was \$1,279,881 and \$1,281,412.



## **Bronx Community Charter School**

Notes to Financial Statements  
June 30, 2024 and 2023

### **10. Union Agreement**

On February 1, 2014, the School entered into a Collective Bargaining Agreement (“CBA”) with the United Federation of Teachers (“UFT”) that expired on June 30, 2015. Under the CBA, the School is required to follow a Due Process for teacher discipline, terminations, and suspension. As specified in the CBA and among others, the School shall maintain a student-teacher ratio, follow a salary step schedule based on years of experience, provide employment benefits and paid leaves. The School is not obligated to contribute into the Teachers Retirement System. The CBA was extended for several four-year terms expiring June 30, 2027.

### **11. Contingency**

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

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# **Bronx Community Charter School**

Uniform Guidance  
Schedules and Reports

June 30, 2024

**Bronx Community Charter School**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Pass-Through New York State Education Department:				
Student Support and Academic Enrichment Program	84.424	0204234390	\$ -	\$ 4,588
Student Support and Academic Enrichment Program	84.424	0204244390	-	<u>22,203</u>
			-	26,791
Title I Grants to Local Educational Agencies	84.010	0021244390	-	284,170
English Language Acquisition State Grants	84.365	0293234390	-	11,230
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147244390	-	31,929
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880214390	-	889,014
Special Education Cluster (IDEA)-Cluster				
Pass-Through New York State Education Department:				
COVID-19 - Special Education Grants to States	84.027	not available	-	<u>22,380</u>
Total U.S. Department of Education			-	<u>1,265,514</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,265,514</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

## **Bronx Community Charter School**

### **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024**

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Bronx Community Charter School (the "School"), under programs of the federal government for the year ended June 30, 2024. 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 the cost principles 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-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

**Independent Auditors' Report**

**Board of Trustees  
Bronx Community Charter School**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bronx Community Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2024.

**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.

### **Report on Internal Control over Financial Reporting (*continued*)**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

### **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*.

### **The School's Response to Findings**

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

### **Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 25, 2024

**Report on Compliance for Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Trustees  
Bronx Community Charter School**

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

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

We have audited Bronx Community Charter School (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, 2024. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of 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, 2024.

***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; 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 Auditors' 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.

***Auditors' 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 Auditors' 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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 25, 2024

**Bronx Community Charter School**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

**Section I - Summary of Auditors' Results**

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes X no

Significant deficiency(ies) identified?

X yes \_\_\_\_\_ none reported

Noncompliance material to the financial statements noted?

\_\_\_\_\_ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ yes X no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes X none reported

Type of auditors' 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 X no

Identification of major federal programs:

Federal Assistance Listing Number(s)

Name of Federal Program or Cluster

84.425U

COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP

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

\$750,000

Auditee qualified as low-risk auditee?

X yes \_\_\_\_\_ no

## **Bronx Community Charter School**

Schedule of Findings and Questioned Costs (*continued*)  
Year Ended June 30, 2024

### **Section II – Financial Statement Findings**

#### **2024-001- Competitive Bidding**

##### ***Criteria***

The School's Financial Policies and Procedures Manual ("FPP") requires three price quotes for purchases and/or contracts greater than \$25,000.

##### ***Condition***

During our test of three procurement transactions over \$25,000, we noted that the School did not perform competitive bidding procedures on our selections.

##### ***Cause***

This condition was caused by management's ineffective monitoring and review of the competitive bidding procedures in its FPP.

##### ***Effect***

The School is not in compliance with its FPP with regard to procurement procedures.

##### ***Recommendation***

The School should strictly comply with the FPP and retain required documentation of at least three quotes when competitive bidding is required. The School should document in writing all decisions that are not consistent with its FPP. We recommend that management periodically review transactions that require competitive bidding.

##### ***Views of Responsible Officials***

See management corrective action plan in Appendix A.

### **Section III – Federal Award Findings and Questioned Costs**

During our audit, we noted no material instance of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.



**Bronx Community Charter School  
Management's Corrective Action Plan  
June 30, 2024**

**October 8, 2024**

**Response to Finding 2024-001: Competitive Bidding**

**PKF O'Connor Davies Recommendations:** The School should strictly comply with the FPP and retain required documentation of at least three quotes when competitive bidding is required. The School should document in writing all decisions that are not consistent with its FPP. We recommend that management periodically review transactions that require competitive bidding.

**Management's response:** The School will strictly comply with the FPP and retain documentation of at least three quotes when competitive bidding is required. Management will periodically review transactions that require competitive bidding. The School has taken steps to ensure that it is complying with its FPP in regards to bidding. For the 2024-25 school year, school leadership has created a schedule of all transactions above the threshold and when bidding will take place for each of them. This schedule has been shared with the Board of Trustees in order to increase accountability, and school leadership reports to the Board with monthly updates. As of October 7, 2024, the bidding process has been successfully completed for one transaction, in accordance with the FPP, and two other RFPs have been issued to solicit bids for other contracts.

Contact name: Lesline Gardner  
Date of Completion: June 20, 2025

Respectfully,

*Lesline Gardner*

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Lesline Gardner  
Director of Finance and Human Resources

# **Bronx Community Charter School**

Independent Auditors' Report on Communication of  
Internal Control Matters

June 30, 2024

**Board of Trustees**  
**Bronx Community Charter School**

In planning and performing our audit of the financial statements of Bronx Community Charter School (the "School") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant 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. A material weakness is 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in the School's internal control presented in Addendum A to be a significant deficiency.

This communication is intended solely for the information and use of the management, the Board of Trustees, federal, state and local awarding agencies, New York City Department of Education, The State Education Department of the State University of New York, and others within the School and is not intended to be used by anyone other than these specified parties.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the School during the course of our audit.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 25, 2024

## **Addendum A**

### **Deficiency in Internal Control that We Consider to be Significant Deficiency**

#### **1. Competitive Bidding**

During our audit we noted that the School did not perform competitive bidding procedures as outlined in the School's Financial Policies and Procedures Manual ("FPP"). The FPP requires three price quotes for purchases and/or contracts greater than \$25,000. During our selection of three procurement transactions over \$25,000, we noted that the School did not perform competitive bidding procedures on the selections.

The School should strictly comply with the FPP and retain required documentation of at least three quotes when competitive bidding is required. The School should document in writing all decisions that are not consistent with its FPP. We recommend that management periodically reviews transactions that require competitive bidding.