

East Harlem Scholars Academy Charter School

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

June 30, 2021 and 2020

East Harlem Scholars Academy Charter School

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

June 30, 2021 and 2020

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Independent Auditors' Report

Board of Trustees East Harlem Scholars Academy Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of East Harlem Scholars Academy Charter School (the "School"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2021 and 2020, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities and functional expenses by school for the year ended June 30, 2021 on pages 17 through 19 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 20 as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 21, 2021 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.

PKF O'Connor Davies, LLP

October 21, 2021

East Harlem Scholars Academy Charter School

Statements of Financial Position

	June 30,	
	2021	2020
ASSETS		
Current Assets		
Cash	\$ 6,408,732	\$ 7,509,322
Grants and contracts receivable	1,865,570	754,596
Due from East Harlem Tutorial Program	329,562	-
Prepaid expenses	120,221	351,109
Total Current Assets	8,724,085	8,615,027
Restricted cash	150,342	150,328
Property and equipment, net	631,560	731,999
	\$ 9,505,987	\$ 9,497,354
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,097,545	\$ 1,690,747
Due to East Harlem Tutorial Program	-	2,233,194
Refundable advances	32,012	53,488
Deferred rent, current portion	55,669	55,669
Total Current Liabilities	2,185,226	4,033,098
Paycheck Protection Program Loan payable	-	2,849,695
Deferred rent	618,096	562,427
Total Liabilities	2,803,322	7,445,220
Net assets, without donor restrictions	6,702,665	2,052,134
	\$ 9,505,987	\$ 9,497,354

See notes to financial statements

East Harlem Scholars Academy Charter School

Statements of Activities

	Year Ended June 30,	
	2021	2020
REVENUE AND SUPPORT		
Public School District		
State and local per pupil operating revenue	\$ 24,437,087	\$ 21,826,848
Universal pre-kindergarten	899,165	733,826
Lease assistance	1,416,600	1,416,600
Government grants and contracts	2,334,860	1,334,591
Contributions	552,252	575,000
Other income	27,393	67,481
Total Revenue and Support	29,667,357	25,954,346
EXPENSES		
Program Services		
General education	17,946,732	15,387,821
Special education	5,764,720	5,660,400
Pre-kindergarten	447,075	470,552
Supplemental education	-	55,141
Total Program Services	24,158,527	21,573,914
Supporting Services		
Management and general	2,818,537	2,550,668
Fundraising	889,457	748,057
Total Expenses	27,866,521	24,872,639
Gain on forgiveness of Paycheck Protection Program Loan	2,849,695	-
Change in Net Assets	4,650,531	1,081,707
NET ASSETS		
Beginning of year	2,052,134	970,427
End of year	\$ 6,702,665	\$ 2,052,134

See notes to financial statements

East Harlem Scholars Academy Charter School

Statement of Functional Expenses Year Ended June 30, 2021

	No. of Positions	Program Services				Management and General	Fundraising	Total
		General Education	Special Education	Pre- Kindergarten	Total Program Services			
Personnel Services Costs								
Administrative staff personnel	48	\$ 1,429,185	\$ 412,080	\$ 96,559	\$ 1,937,824	\$ 561,932	\$ -	\$ 2,499,756
Instructional personnel	142	10,255,198	2,829,873	221,079	13,306,150	-	-	13,306,150
Total Personnel Services Costs	<u>190</u>	<u>11,684,383</u>	<u>3,241,953</u>	<u>317,638</u>	<u>15,243,974</u>	561,932	-	<u>15,805,906</u>
Fringe benefits and payroll taxes		2,017,772	558,613	54,894	2,631,279	96,369	-	2,727,648
Retirement		159,906	45,515	4,350	209,771	8,311	-	218,082
Legal services		-	-	-	-	1,488	-	1,488
Accounting and audit services		-	-	-	-	487,108	-	487,108
Other professional and consulting services		167,305	779,626	4,552	951,483	1,498,048	887,481	3,337,012
Building and land rent/lease		1,059,450	319,332	28,810	1,407,592	64,678	-	1,472,270
Repairs and maintenance		620,616	181,672	16,879	819,167	34,972	-	854,139
Insurance		90,279	25,186	2,456	117,921	4,416	-	122,337
Utilities		213,198	63,189	5,798	282,185	12,435	-	294,620
Supplies and materials		153,165	44,026	-	197,191	-	-	197,191
Equipment and furnishings		169,617	46,143	701	216,461	1,573	-	218,034
Staff development		211,770	58,120	-	269,890	-	-	269,890
Marketing and recruitment		67,749	18,643	-	86,392	-	-	86,392
Technology		121,148	33,530	2,894	157,572	5,024	-	162,596
Food service		424,258	127,877	-	552,135	-	-	552,135
Student services		80,360	24,443	-	104,803	-	-	104,803
Office expenses		388,893	107,872	197	496,962	3,267	1,976	502,205
Depreciation and amortization		290,615	81,701	7,906	380,222	14,553	-	394,775
Dues and memberships		25,479	7,047	-	32,526	-	-	32,526
Other expenses		769	232	-	1,001	24,363	-	25,364
Total Expenses		<u>\$ 17,946,732</u>	<u>\$ 5,764,720</u>	<u>\$ 447,075</u>	<u>\$ 24,158,527</u>	<u>\$ 2,818,537</u>	<u>\$ 889,457</u>	<u>\$ 27,866,521</u>

See notes to financial statements

East Harlem Scholars Academy Charter School

Statement of Functional Expenses Year Ended June 30, 2020

	No. of Positions	Program Services				Total Program Services	Management and General	Fundraising	Total
		General Education	Special Education	Pre- Kindergarten	Supplemental Education				
Personnel Services Costs									
Administrative staff personnel	39	\$ 1,287,697	\$ 447,174	\$ 50,620	\$ -	\$ 1,785,491	\$ 633,733	\$ -	\$ 2,419,224
Instructional personnel	133	8,401,104	3,015,154	268,078	-	11,684,336	-	-	11,684,336
Total Personnel Services Costs	<u>172</u>	<u>9,688,801</u>	<u>3,462,328</u>	<u>318,698</u>	<u>-</u>	<u>13,469,827</u>	<u>633,733</u>	<u>-</u>	<u>14,103,560</u>
Fringe benefits and payroll taxes		1,550,392	614,379	57,119	-	2,221,890	88,758	-	2,310,648
Retirement		89,919	35,633	3,313	-	128,865	5,147	-	134,012
Legal services		-	-	-	-	-	14,182	-	14,182
Accounting and audit services		-	-	-	-	-	511,555	-	511,555
Other professional and consulting services		228,948	90,725	8,435	-	328,108	1,156,442	748,057	2,232,607
Building and land rent/lease		1,094,410	433,685	40,320	-	1,568,415	62,654	-	1,631,069
Repairs and maintenance		607,933	240,907	22,397	-	871,237	34,802	-	906,039
Insurance		65,300	25,877	2,406	-	93,583	3,739	-	97,322
Utilities		141,638	56,128	5,218	-	202,984	8,109	-	211,093
Supplies and materials		391,024	140,554	-	-	531,578	-	-	531,578
Equipment and furnishings		179,498	61,969	-	-	241,467	-	-	241,467
Staff development		288,680	100,302	-	-	388,982	-	-	388,982
Marketing and recruitment		62,581	21,221	-	-	83,802	-	-	83,802
Technology		151,341	56,676	3,527	-	211,544	5,480	-	217,024
Food service		169,064	66,938	-	-	236,002	-	-	236,002
Student services		122,791	45,330	-	55,141	223,262	-	-	223,262
Office expenses		288,579	102,719	-	-	391,298	-	-	391,298
Depreciation and amortization		247,525	98,088	9,119	-	354,732	10,372	-	365,104
Dues and memberships		14,236	5,062	-	-	19,298	-	-	19,298
Other expenses		5,161	1,879	-	-	7,040	15,695	-	22,735
Total Expenses		<u>\$ 15,387,821</u>	<u>\$ 5,660,400</u>	<u>\$ 470,552</u>	<u>\$ 55,141</u>	<u>\$ 21,573,914</u>	<u>\$ 2,550,668</u>	<u>\$ 748,057</u>	<u>\$ 24,872,639</u>

See notes to financial statements

East Harlem Scholars Academy Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,650,531	\$ 1,081,707
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	394,775	365,104
Deferred rent	55,669	55,669
Gain on forgiveness of Paycheck Protection Program Loan	(2,849,695)	-
Changes in operating assets and liabilities		
Grants and contracts receivable	(1,110,974)	271,009
Due from East Harlem Tutorial Program	(329,562)	-
Prepaid expenses	230,888	(351,109)
Accounts payable and accrued expenses	406,798	298,213
Due to East Harlem Tutorial Program	(2,233,194)	1,781,007
Refundable advances	(21,476)	29,977
Net Cash from Operating Activities	(806,240)	3,531,577
 CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment	(294,336)	(439,820)
 CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from Paycheck Protection Program Loan payable	-	2,849,695
 Net Change in Cash and Restricted Cash	(1,100,576)	5,941,452
 CASH AND RESTRICTED CASH		
Beginning of year	7,659,650	1,718,198
End of year	\$ 6,559,074	\$ 7,659,650

See notes to financial statements

East Harlem Scholars Academy Charter School

Notes to Financial Statements

June 30, 2021 and 2020

1. Organization and Tax Status

The Corporation

Founded upon the 53-year legacy of East Harlem Tutorial Program (“EHTP”), East Harlem Scholars Academy Charter School (the “Corporation”) is a not-for-profit education corporation originally formed by the Board of Regents of the University of the State of New York (the “Board of Regents”) on December 14, 2010 by the granting of a Provisional Charter (the education corporation-equivalent of a certificate of incorporation) to operate one (1) (and as of January 1, 2013 two (2)) public charter schools. The Board of Regents has since issued two renewals to the Corporation’s charter. The Corporation’s charter expires on July 31, 2023. The mission of the schools is to prepare students with the academic skills, strength of character and social and emotional well-being to excel in high school and college, to lead in their communities, and to realize their best possible selves. The Corporation does this by challenging their students, teachers, and families to examine issues of racism and identity and model the learning and dialogue needed to ensure a more equitable future for young people of color. Through this commitment, the Corporation prepares their scholars to effect change, challenge the status quo, thrive in the world around them, and thoughtfully contribute to the national fight for racial equity.

The Schools

East Harlem Scholars Academy Charter School (“Scholars”) - also the name of the first school for which the Corporation received a charter to operate – is situated in East Harlem in the borough of Manhattan, New York City. Scholars opened in the fall of 2011 with kindergarten and first grade and added a grade each year so that in fiscal 2021 it served pre-kindergarten through tenth grade. In 2016 Scholars received a full five year term renewal which authorizes the school to add a grade each year until it serves kindergarten through eighth grade. In fiscal 2017 Scholars added one section of Universal Pre-Kindergarten. In May 2018, Scholars received permission to add high school grades ninth – twelfth. Scholars proposes to begin the eleventh grade instruction with the 2021-22 school year. Scholars provided education to approximately 49 students in Universal Pre-Kindergarten and 756 students in kindergarten through tenth grades during the 2020-2021 academic year.

East Harlem Scholars Academy Charter School II (“Scholars II”) is the second public charter school for which the Corporation received a charter to operate. It opened in the fall of 2013 with kindergarten and first grade and will expand each year until it serves students through fifth grade. In winter of fiscal 2018, Scholars II received a full five year term renewal which authorizes the school to add a grade each year until it serves kindergarten through eighth grade. In fiscal 2016 Scholars II added two sections of Universal Pre-Kindergarten, and in fiscal 2017 Scholars added a third section of Universal Pre-Kindergarten. In fiscal 2020, the third section of UPK at Scholars II was transferred to Scholars. Scholars II provided education to approximately 35 students in Universal Pre-Kindergarten and 486 students in kindergarten through eighth grades during the 2020-2021 academic year.

Scholars and Scholars II are referred to collectively as the “School.”

East Harlem Scholars Academy Charter School

Notes to Financial Statements

June 30, 2021 and 2020

1. Organization and Tax Status (*continued*)

The New York City Department of Education provides free lunches directly to some of the School's students. Such costs are not included in these financial statements. The School covers the cost of lunches for children not entitled to the free lunches.

Except for taxes that may be due to 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 contingencies, if any, at the date of the financial statements, and the reported amounts of support and revenue and expenses during the reporting period. 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. 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, 2021 and 2020.

East Harlem Scholars Academy Charter School

Notes to Financial Statements
June 30, 2021 and 2020

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

Restricted Cash

Under the provisions of its charter, the School established a reserve fund of \$150,000 to cover debts in the event of the School's dissolution.

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 as of June 30:

	2021	2020
Cash	\$ 6,408,732	\$ 7,509,322
Restricted cash	150,342	150,328
	<u>\$ 6,559,074</u>	<u>\$ 7,659,650</u>

Property and Equipment

Property and equipment is recorded at cost. Additions and improvements or betterments in excess of \$3,500 with an estimated useful life of more than one year are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 2 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or term of the related lease. Property and equipment acquired with certain government contract funds are recorded as expenses when the government retains title to such assets.

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 during the years ended June 30, 2021 and 2020.

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.

Revenue Recognition

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.

East Harlem Scholars Academy Charter School

Notes to Financial Statements

June 30, 2021 and 2020

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

Revenue Recognition (continued)

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 net assets with donor restrictions 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 net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

A number of volunteers have made a contribution of their time to the School to develop its programs and to serve on the School's board of trustees. The value of such contributed time is not reflected in these financial statements because it does not meet the criteria for recognition.

Functional Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications based upon periodic time and expense studies and other bases as determined by management of the School to be appropriate. Expenses are classified according to the functional categories for which they are incurred, as follows:

General Education Program Services – represents expenses directly associated with general education.

Special Education Program Services – represents expenses directly associated with special education for certain students requiring additional attention and guidance.

Pre-Kindergarten Program Services – represents expenses directly associated with Pre-Kindergarten programs.

Supplemental Education Program Services – represents expenses directly associated with after-school and summer school programs.

Management and General – represents expenses related to the overall administration and operation of the School that are not associated with any education services or fundraising.

Fundraising – represents expenses related to efforts to raise additional funds for the School.

Marketing and Recruitment

Marketing and recruitment costs are expensed as incurred for staff and student recruitment. Marketing and recruitment expense for the years ended June 30, 2021 and 2020 was \$86,392 and \$83,802.

East Harlem Scholars Academy Charter School

Notes to Financial Statements
June 30, 2021 and 2020

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

Accounting For Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only when they 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 examination by applicable taxing authorities for periods prior to June 30, 2018.

Deferred Rent

The School records its rent in accordance with U.S. GAAP, whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentive, is reflected in deferred rent in the accompanying statements of financial position.

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 21, 2021.

3. Concentration of Credit Risk and Revenue

The School's financial instruments that are potentially exposed to concentration of credit risk consist of cash. The School places its cash with quality financial institutions in the United States. At times, cash balances may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. The School routinely assesses the financial strength of its cash. The School has not experienced any losses in such accounts and believes its cash balances are not exposed to any significant risk. At June 30, 2021 and 2020, approximately \$6,309,000 and \$7,410,000 was maintained with an institution in excess of FDIC limits.

The School receives a majority of its revenues from the New York City Department of Education ("NYCDOE"). The NYCDOE provides general operating support to the School based upon the location and the number of students enrolled. Support from per pupil general education, special education, lease assistance, and Universal Pre-Kindergarten provided to the School was 82% and 92% of total revenue for the years ended June 30, 2021 and 2020. The School is dependent upon this level of funding in order to continue its operations.

4. Grants and Accounts Receivable

At June 30, 2021 and 2020, grants and contracts receivable consist of federal, state, city entitlements and grants and are deemed to be fully collectible by management. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

East Harlem Scholars Academy Charter School

Notes to Financial Statements June 30, 2021 and 2020

5. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Computers and other equipment	\$ 1,203,529	\$ 1,113,098
Furniture and fixtures	1,135,780	952,867
Leasehold improvements	<u>303,116</u>	<u>282,124</u>
	2,642,425	2,348,089
Accumulated depreciation and amortization	<u>(2,010,865)</u>	<u>(1,616,090)</u>
	<u>\$ 631,560</u>	<u>\$ 731,999</u>

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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 6,408,732	\$ 7,509,322
Grants and contracts receivable	1,865,570	754,596
Due from East Harlem Tutorial Program	<u>329,562</u>	<u>-</u>
	<u>\$ 8,603,864</u>	<u>\$ 8,263,918</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 invested in highly liquid instruments. The School will continue to rely on funding received from the NYCDOE to cover its future operating costs (see Note 3).

7. Related Party Transactions (not disclosed elsewhere)

The School's bylaws stipulate that at least 51% and no more than 60% of its Trustees may also be members of the board of EHTP, thus resulting in common control. Under a cost sharing agreement with EHTP, approved by a supermajority of the board, EHTP provides the School with administrative support. During the year ended June 30, 2021, shared operating costs were allocated to the School based on a flat fee of 12% of per pupil and special education revenues projected in the budget for the relevant fiscal year. During the year ended June 30, 2020, shared operating costs were allocated to the School based on employee hours spent. The total budgeted amount of the cost sharing agreement for the years ended June 30, 2021 and 2020 was \$2,930,484 and \$2,306,262. The total amount of expenses under this agreement for the years ended June 30, 2021 and 2020 was \$2,930,484 and \$1,822,349, which is included in other professional and consulting services on the accompanying statements of functional expenses.

East Harlem Scholars Academy Charter School

Notes to Financial Statements
June 30, 2021 and 2020

7. Related Party Transactions (not disclosed elsewhere) *(continued)*

In addition, EHTP pays certain expenses on behalf of the School which are subsequently reimbursed. The total amount of these reimbursed expenses for the years ended June 30, 2021 and 2020 was \$1,562,705 and \$2,756,383, which is included in various expense accounts on the accompanying statements of functional expenses.

During the years ended June 30, 2021 and 2020, the School prepaid rent to East Harlem Center, LLC (“EHC”), a wholly owned subsidiary of EHTP. At June 30, 2021 and 2020, these prepayments totaled \$118,050 and are included in prepaid expenses on the accompanying statements of financial position.

For each of the years ended June 30, 2021 and 2020, grants from EHTP amounted to \$240,000, which is included in contributions on the accompanying statements of activities. At June 30, 2021 and 2020, grants receivable from EHTP amounted to \$44,732 and \$81,137, and are netted with due to/from East Harlem Tutorial Program on the accompanying statements of financial position. Net balance due from EHTP at June 30, 2021 totaled \$329,562. Net balance due from the School to EHTP at June 30, 2020 totaled \$2,233,194.

The accompanying financial statements reflect only the activities and net assets of the School. Management has applied U.S. GAAP standards in assessing the need to consolidate the financial statements of the School with those of EHTP and EHC. Under these standards, consolidation should occur if both an economic interest in the School and control by a majority of common board members exist. Management has determined that EHTP and EHC have no economic interest in the School and consolidation is precluded.

8. Agreement with School Facility

Scholars had an agreement through the school year 2015-2016 with the New York City Department of Education for space at the Jackie Robinson Educational Complex (the “Complex”), a New York City public school located at 1573 Madison Avenue, New York, New York. Beginning September 1, 2011, Scholars occupies a facility located at 2040-2050 Second Avenue, New York, NY (see Note 12). Scholars II has an agreement to be permanently co-located at the Complex. The fair value of the rent has not been included in the accompanying financial statements. The School will be responsible for any overtime-related costs for services provided beyond the regular operating hours. For the years ended June 30, 2021 and 2020, the School incurred \$0 and \$5,431 in overtime related costs.

9. Contingencies

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 protect itself from such risks and is self-insured for other risks.

East Harlem Scholars Academy Charter School

Notes to Financial Statements

June 30, 2021 and 2020

9. Contingencies (*continued*)

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, because management does not believe that there are any liabilities to be recorded.

10. Employee Benefit Plan

The School maintains a deferred compensation plan for all qualified employees. The School elects to make contributions to the plan on a discretionary basis. The School contributed \$218,082 and \$134,012 to the plan for the years ended June 30, 2021 and 2020.

11. Paycheck Protection Program Loan Payable

On April 8, 2020, the School qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified PPP lender, for an aggregate principal amount of \$2,849,695 (the "PPP Loan"). The PPP Loan bore interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, had a term of two years, and was unsecured and guaranteed by the SBA. The principal amount of the PPP Loan was subject to forgiveness under the PPP upon the School's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the School. The School applied for full forgiveness of the PPP Loan with respect to these covered expenses.

On June 11, 2021, The PPP Loan was forgiven in full by the SBA. The loan forgiveness of \$2,849,695 is included in the accompanying 2021 statement of activities as gain on forgiveness of Paycheck Protection Program Loan.

12. Commitments

During the fiscal year ended June 30, 2015, an agreement to lease the land and buildings located at 2040-2050 Second Avenue, New York, NY, was executed between Scholars and EHC. In connection with this agreement, at June 30, 2016, the School made a contribution to EHC toward the cost of the new building in the amount of \$200,000 to be amortized over the life of the lease. The lease has a term of 30 years commencing on September 1, 2016.

East Harlem Scholars Academy Charter School

Notes to Financial Statements

June 30, 2021 and 2020

12. Commitments (*continued*)

Future minimum rental payments to be paid under this lease are as follows:

2022	\$ 1,416,600
2023	1,416,600
2024	1,416,600
2025	1,465,500
2026	1,465,500
Thereafter	<u>30,545,068</u>
	<u>\$ 37,725,868</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$1,472,270 and \$1,631,069.

In addition, Scholars entered into an agreement with EHTP to sublease a portion of its space located at 2040-2050 Second Avenue, New York, NY. The lease has a term of 30 years commencing on September 1, 2016. Future minimum rental payments to be received under this lease are as follows:

2022	\$ 24,600
2023	24,600
2024	24,600
2025	25,500
2026	25,500
Thereafter	<u>529,068</u>
	<u>\$ 653,868</u>

Rental income under this sublease for each of the years ended June 30, 2021 and 2020 was \$24,600, which is included in other income on the accompanying statements of activities.

13. Risks and Uncertainties

The School's operations and financial performance may be affected by the recent COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the School may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in state and local per pupil operating revenue, shortfalls and variations in enrollment, and operational and other changes that could increase expenses. The outbreak may adversely affect the School's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes the School is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

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East Harlem Scholars Academy Charter School

Supplementary Information

June 30, 2021

East Harlem Scholars Academy Charter School

Schedule of Activities by School Year Ended June 30, 2021

	<u>East Harlem Scholars Academy Charter School</u>	<u>East Harlem Scholars Academy Charter School II</u>	<u>Total</u>
REVENUE AND SUPPORT			
Public School District			
State and local per pupil operating revenue	\$ 15,150,143	\$ 9,286,944	\$ 24,437,087
Universal pre-kindergarten	553,924	345,241	899,165
Lease assistance	1,416,600	-	1,416,600
Government grants and contracts	1,650,226	684,634	2,334,860
Contributions	396,126	156,126	552,252
Other income	<u>27,068</u>	<u>325</u>	<u>27,393</u>
Total Revenue and Support	<u>19,194,087</u>	<u>10,473,270</u>	<u>29,667,357</u>
EXPENSES			
Program Services			
General education	11,586,714	6,360,018	17,946,732
Special education	3,946,310	1,818,410	5,764,720
Pre-kindergarten	<u>286,091</u>	<u>160,984</u>	<u>447,075</u>
Total Program Services	15,819,115	8,339,412	24,158,527
Supporting Services			
Management and general	1,856,527	962,010	2,818,537
Fundraising	<u>543,247</u>	<u>346,210</u>	<u>889,457</u>
Total Expenses	<u>18,218,889</u>	<u>9,647,632</u>	<u>27,866,521</u>
Gain on forgiveness of Paycheck Protection Program Loan	<u>1,734,261</u>	<u>1,115,434</u>	<u>2,849,695</u>
Change in Net Assets	2,709,459	1,941,072	4,650,531
NET ASSETS			
Beginning of year	<u>1,220,350</u>	<u>831,784</u>	<u>2,052,134</u>
End of year	<u>\$ 3,929,809</u>	<u>\$ 2,772,856</u>	<u>\$ 6,702,665</u>

See independent auditors' report

East Harlem Scholars Academy Charter School

Schedule of Functional Expenses East Harlem Scholars Academy School Year Ended June 30, 2021

	No. of Positions	Program Services			Total Program Services	Management and General	Fundraising	Total
		General Education	Special Education	Pre- Kindergarten				
Personnel Services Costs								
Administrative staff personnel	33	\$ 811,075	\$ 244,469	\$ 53,891	\$ 1,109,435	\$ 426,043	\$ -	\$ 1,535,478
Instructional personnel	83	6,167,578	1,858,990	136,102	8,162,670	-	-	8,162,670
Total Personnel Services Costs	<u>116</u>	<u>6,978,653</u>	<u>2,103,459</u>	<u>189,993</u>	<u>9,272,105</u>	<u>426,043</u>	<u>-</u>	<u>9,698,148</u>
Fringe benefits and payroll taxes		1,184,297	356,963	32,205	1,573,465	72,299	-	1,645,764
Retirement		114,798	34,602	3,122	152,522	7,008	-	159,530
Legal services		-	-	-	-	761	-	761
Accounting and audit services		-	-	-	-	290,870	-	290,870
Other professional and consulting services		109,757	484,235	2,985	596,977	904,603	541,588	2,043,168
Building and land rent/lease		1,059,450	319,332	28,810	1,407,592	64,678	-	1,472,270
Repairs and maintenance		530,000	159,749	14,412	704,161	32,355	-	736,516
Insurance		56,228	16,948	1,529	74,705	3,433	-	78,138
Utilities		195,177	58,829	5,307	259,313	11,915	-	271,228
Supplies and materials		115,739	35,137	-	150,876	-	-	150,876
Equipment and furnishings		91,656	27,626	701	119,983	1,573	-	121,556
Staff development		122,400	36,893	-	159,293	-	-	159,293
Marketing and recruitment		39,919	12,032	-	51,951	-	-	51,951
Technology		71,264	21,480	1,649	94,393	3,703	-	98,096
Food service		424,254	127,876	-	552,130	-	-	552,130
Student services		51,450	17,576	-	69,026	-	-	69,026
Office expenses		233,810	70,921	170	304,901	2,750	1,659	309,310
Depreciation and amortization		191,508	57,723	5,208	254,439	11,691	-	266,130
Dues and memberships		15,585	4,697	-	20,282	-	-	20,282
Other expenses		<u>769</u>	<u>232</u>	<u>-</u>	<u>1,001</u>	<u>22,845</u>	<u>-</u>	<u>23,846</u>
 Total Expenses East Harlem Scholars Academy Charter School		 <u>\$ 11,586,714</u>	 <u>\$ 3,946,310</u>	 <u>\$ 286,091</u>	 <u>\$ 15,819,115</u>	 <u>\$ 1,856,527</u>	 <u>\$ 543,247</u>	 <u>\$ 18,218,889</u>

See independent auditors' report

East Harlem Scholars Academy Charter School

Schedule of Functional Expenses East Harlem Scholars Academy School II Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Fundraising	Total	
		General Education	Special Education	Pre- Kindergarten				Total Program Services
Personnel Services Costs								
Administrative staff personnel	15	\$ 618,110	\$ 167,611	\$ 42,668	\$ 828,389	\$ 135,889	\$ -	\$ 964,278
Instructional personnel	59	4,087,620	970,883	84,977	5,143,480	-	-	5,143,480
Total Personnel Services Costs	<u>74</u>	4,705,730	1,138,494	127,645	5,971,869	135,889	-	6,107,758
Fringe benefits and payroll taxes		833,475	201,650	22,689	1,057,814	24,070	-	1,081,884
Retirement		45,108	10,913	1,228	57,249	1,303	-	58,552
Legal services		-	-	-	-	727	-	727
Accounting and audit services		-	-	-	-	196,238	-	196,238
Other professional and consulting services		57,548	295,391	1,567	354,506	593,445	345,893	1,293,844
Repairs and maintenance		90,616	21,923	2,467	115,006	2,617	-	117,623
Insurance		34,051	8,238	927	43,216	983	-	44,199
Utilities		18,021	4,360	491	22,872	520	-	23,392
Supplies and materials		37,426	8,889	-	46,315	-	-	46,315
Equipment and furnishings		77,961	18,517	-	96,478	-	-	96,478
Staff development		89,370	21,227	-	110,597	-	-	110,597
Marketing and recruitment		27,830	6,611	-	34,441	-	-	34,441
Technology		49,884	12,050	1,245	63,179	1,321	-	64,500
Food service		4	1	-	5	-	-	5
Student services		28,910	6,867	-	35,777	-	-	35,777
Office expenses		155,083	36,951	27	192,061	517	317	192,895
Depreciation and amortization		99,107	23,978	2,698	125,783	2,862	-	128,645
Dues and memberships		9,894	2,350	-	12,244	-	-	12,244
Other expenses		-	-	-	-	1,518	-	1,518
Total Expenses East Harlem Scholars Academy Charter School II		6,360,018	1,818,410	160,984	8,339,412	962,010	346,210	9,647,632
Total Expenses East Harlem Scholars Academy Charter School		<u>11,586,714</u>	<u>3,946,310</u>	<u>286,091</u>	<u>15,819,115</u>	<u>1,856,527</u>	<u>543,247</u>	<u>18,218,889</u>
Total Expenses		<u>\$ 17,946,732</u>	<u>\$ 5,764,720</u>	<u>\$ 447,075</u>	<u>\$ 24,158,527</u>	<u>\$ 2,818,537</u>	<u>\$ 889,457</u>	<u>\$ 27,866,521</u>

See independent auditors' report

East Harlem Scholars Academy Charter School

Uniform Guidance Schedules and Reports

June 30, 2021

East Harlem Scholars Academy Charter School

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Pass-through New York State Education Department				
Title I Grants to Local Educational Agencies	84.010	0204-20-4840	\$ -	\$ 252,376
Title I Grants to Local Educational Agencies	84.010	0204-20-4980	-	180,134
			<u>-</u>	<u>432,510</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	0147-20-4840	-	25,262
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	0147-20-4980	-	18,743
			<u>-</u>	<u>44,005</u>
Student Support and Academic Enrichment Grant	84.424	0204-21-4840	-	20,775
Student Support and Academic Enrichment Grant	84.424	0204-21-4980	-	13,978
			<u>-</u>	<u>34,753</u>
Higher Education Institutional Aid	84.031A	0293-21-4840	-	20,314
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	589-021-4840	-	250,615
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	589-021-4940	-	159,636
			<u>-</u>	<u>410,251</u>
Total Pass-through New York State Education Department			-	941,833
The Expansion and Replication of the East Harlem Scholars Academic Model Charter Schools	84.282M		-	294,463
Total U.S. Department of Education			<u>-</u>	<u>1,236,296</u>
<u>U.S. Department of Agriculture</u>				
Pass-through New York State Education Department				
Child Nutrition Cluster:				
School Breakfast Program	10.553	310400860995	-	188,991
National School Lunch Program	10.555	310400860995	-	353,040
Total Child Nutrition Cluster			<u>-</u>	<u>542,031</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>542,031</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,778,327</u>

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

East Harlem Scholars Academy Charter School

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of East Harlem Scholars Academy Charter School (the "School") under programs of the federal government for the year ended June 30, 2021. 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. Pass-through entity identifying numbers are presented where available.

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
East Harlem Scholars Academy 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 East Harlem Scholars Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2021, 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 21, 2021.

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 the 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 may exist that have not been identified.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

October 21, 2021

**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
East Harlem Scholars Academy Charter School**

Report on Compliance for Each Major Federal Program

We have audited East Harlem Scholars Academy Charter School's (the "School") compliance with the types of compliance requirements described 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, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, East Harlem Scholars Academy Charter 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, 2021.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

October 21, 2021

East Harlem Scholars Academy Charter School

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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 no
Significant deficiency(ies) identified? yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes 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 no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Clusters</u>
84.425D	Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund

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

During our audit, we noted no material findings for the year ended June 30, 2021.

Section III – Federal Award Findings and Questioned Costs

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

Section IV - Prior Year's Findings

There were no prior year audit findings.