

# **NYCAUTISM**

CHARTER SCHOOLS

## **Financial Statements and Supplementary Information**

**(Together with Independent Auditors' Report and  
Report Required by *Government Auditing Standards*)**

**Years Ended June 30, 2020 and 2019**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**NYC AUTISM CHARTER SCHOOLS**

**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report**  
**and**  
**Report Required by *Government Auditing Standards*)**

**YEARS ENDED JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
NYC Autism Charter Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of NYC Autism Charter Schools (the "Schools"), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 auditor's 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 Schools as of June 30, 2020 and 2019, 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.

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information (shown on pages 15-17) is presented for purposes of additional analysis of the financial statements 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 supplementary information has been subjected to the auditing procedures applied in the audits 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, based on our audits, the supplementary 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 20, 2020, on our consideration of the Schools' 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools' internal control over financial reporting and compliance.



New York, NY  
October 20, 2020

**NYC AUTISM CHARTER SCHOOLS  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	<u><b>2020</b></u>	<u><b>2019</b></u>
Cash and cash equivalents (Notes 2C and 10B)	\$ 1,543,902	\$ 263,223
Investments, at fair value (Notes 2D, 2E and 5)	2,010,995	1,998,975
Contributions and grants receivable (Notes 2F and 2H)	12,552	15,142
Prepaid expenses and other assets	-	19,159
Restricted cash and cash equivalents (Notes 2C and 4)	151,920	126,794
Property and equipment, net (Notes 2I and 6)	<u>443,725</u>	<u>653,118</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 4,163,094</b></u>	<u><b>\$ 3,076,411</b></u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 299,363	\$ 235,782
Refundable advances (Note 2G)	-	22,273
Loan payable (Note 12)	<u>915,750</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><b>1,215,113</b></u>	<u><b>258,055</b></u>
<b>CONTINGENCIES</b> (Note 8)		
<b>NET ASSETS</b> (Note 2B)		
Without donor restrictions	2,813,784	2,673,051
With donor restrictions (Note 9)	<u>134,197</u>	<u>145,305</u>
<b>TOTAL NET ASSETS</b>	<u><b>2,947,981</b></u>	<u><b>2,818,356</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 4,163,094</b></u>	<u><b>\$ 3,076,411</b></u>

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

**NYC AUTISM CHARTER SCHOOLS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>Year Ended June 30, 2020</u>			<u>Year Ended June 30, 2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING REVENUE:</b>						
State and local per pupil operating revenue (Notes 2G and 10A)	\$ 6,264,854	\$ -	\$ 6,264,854	\$ 5,272,520	\$ -	\$ 5,272,520
Contributions from individuals (Note 2F)	160,586	-	160,586	101,800	-	101,800
Government grants (Notes 2G and 8B)	78,536	-	78,536	225,763	-	225,763
Grants from foundations (Note 2F)	80,050	75,000	155,050	25,000	150,000	175,000
Net assets released from restrictions (Note 9)	86,108	(86,108)	-	88,633	(88,633)	-
<b>TOTAL OPERATING REVENUE</b>	<u>6,670,134</u>	<u>(11,108)</u>	<u>6,659,026</u>	<u>5,713,716</u>	<u>61,367</u>	<u>5,775,083</u>
<b>OPERATING EXPENSES (Note 2J):</b>						
<b>Program Services</b>						
Regular Education	5,593,218	-	5,593,218	4,870,526	-	4,870,526
<b>Total Program Services</b>	<u>5,593,218</u>	<u>-</u>	<u>5,593,218</u>	<u>4,870,526</u>	<u>-</u>	<u>4,870,526</u>
<b>Supporting Services</b>						
Management and General	902,558	-	902,558	1,075,860	-	1,075,860
Fundraising	94,699	-	94,699	75,297	-	75,297
<b>Total Supporting Services</b>	<u>997,257</u>	<u>-</u>	<u>997,257</u>	<u>1,151,157</u>	<u>-</u>	<u>1,151,157</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>6,590,475</u>	<u>-</u>	<u>6,590,475</u>	<u>6,021,683</u>	<u>-</u>	<u>6,021,683</u>
<b>NET INCREASE (DECREASE) FROM OPERATIONS</b>	<u>79,659</u>	<u>(11,108)</u>	<u>68,551</u>	<u>(307,967)</u>	<u>61,367</u>	<u>(246,600)</u>
<b>NON-OPERATING ACTIVITIES:</b>						
Other income (Note 5)	61,074	-	61,074	41,795	-	41,795
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<u>61,074</u>	<u>-</u>	<u>61,074</u>	<u>41,795</u>	<u>-</u>	<u>41,795</u>
<b>CHANGE IN NET ASSETS</b>	140,733	(11,108)	129,625	(266,172)	61,367	(204,805)
Net Assets - beginning of year	2,673,051	145,305	2,818,356	2,939,223	83,938	3,023,161
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,813,784</u>	<u>\$ 134,197</u>	<u>\$ 2,947,981</u>	<u>\$ 2,673,051</u>	<u>\$ 145,305</u>	<u>\$ 2,818,356</u>

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

**NYC AUTISM CHARTER SCHOOLS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**  
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total 2020</u>	<u>Total 2019</u>
	<u>Regular Education</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>		
Salaries and wages	\$ 3,875,507	\$ 457,924	\$ 79,967	\$ 537,891	\$ 4,413,398	\$ 4,097,324
Fringe benefits and payroll taxes (Note 11)	<u>1,050,757</u>	<u>121,437</u>	<u>11,877</u>	<u>133,314</u>	<u>1,184,071</u>	<u>1,050,774</u>
<b>Total Salaries and Related Costs</b>	4,926,264	579,361	91,844	671,205	5,597,469	5,148,098
Consulting and professional fees	231,809	193,443	-	193,443	425,252	387,346
Classroom and teaching supplies	77,416	-	-	-	77,416	86,125
Repairs and maintenance	12,782	3,195	-	3,195	15,977	12,390
Insurance	34,954	8,739	-	8,739	43,693	42,079
Staff recruitment and development	8,155	21,160	-	21,160	29,315	24,735
Communications and outreach	15,380	11,161	1,211	12,372	27,752	28,873
Expensed furniture and equipment	2,787	6,920	-	6,920	9,707	12,122
Travel	2,437	2,437	-	2,437	4,874	4,710
Office expense	36,845	47,380	1,644	49,024	85,869	60,482
Depreciation and amortization	<u>244,389</u>	<u>28,762</u>	<u>-</u>	<u>28,762</u>	<u>273,151</u>	<u>214,723</u>
<b>TOTAL EXPENSES</b>	<u>\$ 5,593,218</u>	<u>\$ 902,558</u>	<u>\$ 94,699</u>	<u>\$ 997,257</u>	<u>\$ 6,590,475</u>	<u>\$ 6,021,683</u>

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

**NEW YORK CENTER FOR AUTISM CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total 2019</u>
	<u>Regular Education</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and wages	\$ 3,406,181	\$ 645,259	\$ 45,884	\$ 691,143	\$ 4,097,324
Fringe benefits and payroll taxes (Note 11)	912,970	127,124	10,680	137,804	1,050,774
<b>Total Salaries and Related Costs</b>	4,319,151	772,383	56,564	828,947	5,148,098
Consulting and professional fees	164,214	213,132	10,000	223,132	387,346
Classroom and teaching supplies	86,125	-	-	-	86,125
Repairs and maintenance	9,912	2,478	-	2,478	12,390
Insurance	33,663	8,416	-	8,416	42,079
Staff recruitment and development	5,066	19,669	-	19,669	24,735
Communications and outreach	18,774	8,657	1,442	10,099	28,873
Expensed furniture and equipment	5,343	6,779	-	6,779	12,122
Travel	2,355	2,355	-	2,355	4,710
Office expense	32,672	20,519	7,291	27,810	60,482
Depreciation and amortization	193,251	21,472	-	21,472	214,723
<b>TOTAL EXPENSES</b>	<u>\$ 4,870,526</u>	<u>\$ 1,075,860</u>	<u>\$ 75,297</u>	<u>\$ 1,151,157</u>	<u>\$ 6,021,683</u>

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



**NYC AUTISM CHARTER SCHOOLS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 129,625	\$ (204,805)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(1,155)	(2,349)
Depreciation and amortization expense	<u>273,151</u>	<u>214,723</u>
Subtotal	401,621	7,569
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Contributions and grants receivable	2,590	33,844
Prepaid expenses and other assets	19,159	(9,285)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	63,581	17,614
Refundable advances	<u>(22,273)</u>	<u>-</u>
<b>Net Cash Provided By Operating Activities</b>	<u>464,678</u>	<u>49,742</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(63,758)	(423,281)
Proceeds from maturity of investments	1,675,000	2,194,962
Purchase of investments	<u>(1,685,865)</u>	<u>(2,231,063)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(74,623)</u>	<u>(459,382)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from loan	<u>915,750</u>	<u>-</u>
<b>Net Cash Provided by Financing Activities</b>	<u>915,750</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	1,305,805	(409,640)
Cash, cash equivalents and restricted cash - beginning of year	<u>390,017</u>	<u>799,657</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 1,695,822</u>	<u>\$ 390,017</u>

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

**NYC AUTISM CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

New York Center for Autism Charter School (“East Harlem School”) is an education corporation formed in 2005 to operate a charter school located in the City of New York, borough of Manhattan. In July 2005, the Board of Regents of the University of the State of New York (the “Board”), for and on behalf of the State Education Department, granted a provisional charter valid for a term of five years, incorporating the School. On April 20, 2010, the Board granted the School a first charter renewal valid for an additional term of five years through and including April 14, 2015. On June 10, 2015, the Board granted the East Harlem School a second and third charter renewal valid for an additional term of five years through and including June 30, 2020. On October 15, 2019, the Board granted the East Harlem School the fourth charter renewal valid for an additional term of five years through June 30, 2025.

During the year ended June 30, 2016, the East Harlem School received from the State University of New York Charter Schools Institute authorization of the granting of a new charter to establish a New York Center for Autism Charter School Bronx (“Bronx School”) that will operate identically to the current Manhattan school. The new Bronx School opened in September 2017 for the 2017-18 school year.

Effective July 1, 2017, East Harlem School and the Bronx School merged under one Education Corporation, with the Bronx School Employer Identification Number and the combined entity is known as NYC Autism Charter Schools (the “Schools”). The Schools operates two separate schools as divisions of the Schools, identified as NYC Autism Charter School East Harlem and NYC Autism Charter School Bronx.

The Schools’ mission is to provide individualized, scientifically-based educational services to children with autism and other pervasive developmental disorders. The Schools promote the achievement of high educational standards and the full intellectual, social, physical, and emotional potential of each of its students. It extends its educational programming beyond the Schools’ walls through training, consultation, and support for students’ families. The Schools also offer ongoing professional development opportunities to its staff, as well as to other educators in New York City and the surrounding area. The Schools are exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the “Code”) and is classified as an organization described in Section 501(c)(3).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. ***Basis of Accounting*** – The Schools prepare its financial statements using the accrual basis of accounting. The Schools adhere to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

B. ***Net Assets*** – Net assets and revenues are classified based on the existence or absence of donor-or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – represents net assets not subject to donor-imposed stipulations and are available for the general support of the Schools’ operations.

Net Assets With Donor Restrictions – represents net assets subject to donor-imposed stipulations that will be met by actions of the Schools or by the passage of time.

C. ***Cash and Cash Equivalents*** – Cash equivalents include all highly liquid instruments purchased with maturities of 90 days or less. The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

**NYC AUTISM CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>July 1, 2018</u>
Cash and cash equivalents	\$ 1,543,902	\$ 263,223	\$ 673,758
Restricted cash	<u>151,920</u>	<u>126,794</u>	<u>125,899</u>
Total	<u>\$ 1,695,822</u>	<u>\$ 390,017</u>	<u>\$ 799,657</u>

- D. **Investments** – Investments are stated at fair value. Donated securities are recorded at their fair values on the date received using an average of the high and low price on the date received. Investment income is recorded as revenue in the period earned.
- E. **Fair Value Measurements** – Fair value measurements are the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.
- F. **Contributions and Grants** – Contributions received, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Conditional promises to give are recognized when they become unconditional, that is, when the conditions are substantially met. All contributions receivable are expected to be collected within one year.
- G. **Government Support** – State and local per pupil revenue resulting from the Schools’ charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Performance obligations are determined based on the nature of the services provided by the Schools in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Schools measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

The Schools’ performance obligations are primarily satisfied over time during the course of an academic year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2020. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Schools determines the transaction price based on established per pupil reimbursement rate.

Revenue from federal, state and local government grants and contracts are recorded by the Schools when qualifying expenditures are incurred and billable. Funds received in advance for which expenditures have not been incurred are reflected as refundable advances in the accompanying statements of financial position. Governmental grants are recognized as revenue when barriers within the contract are overcome and there is no longer a right of return. As of June 30, 2020 and 2019, the Schools had no conditional grants and contracts from government agencies that have not been recorded in the accompanying financial statements.

- H. **Contributions and Grants Receivable** – Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. The Schools provide an allowance for doubtful accounts for receivables. This estimate is based on management’s assessment of the aged basis of its government funding sources, current economic conditions and creditworthiness of its donors and grantors. The Schools determined that no allowance for doubtful accounts was necessary as of June 30, 2020 and 2019.

**NYC AUTISM CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- I. **Property and Equipment** – The Schools capitalize property and equipment having a cost of \$500 or more and a useful life of at least one year. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized on a straight-line basis over the lesser of the life of the improvements or the charter term.
- J. **Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, insurance, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest and other, which are allocated on the basis of estimates of time and effort.

- K. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.
- L. **Recent Accounting Pronouncements** - In November 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, to address diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires restricted cash or restricted cash equivalents to be included in the beginning-of-period and end-of-period total amounts on the statements of cash flows. The Schools adopted the new guidance retrospectively as of July 1, 2018. As a result, the beginning-of-period amount reported on the statements of cash flows increased by \$125,899 to include amounts previously reported as restricted cash. The adoption of this ASU did not affect net assets as previously reported.

FASB ASU 2018-08, “*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*” (Topic 958) was also adopted by the Schools for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as described in Note 2G.

FASB ASU 2014-09, “*Revenue from Contracts with Customers*” (Topic 606) was adopted by the Schools for the year ended June 30, 2020. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services as described in Note 2G.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

As part of the School’s liquidity management, the investment accounts are structured to be available as its general expenditures, liabilities and other obligations come due. Their reserves are maintained in highly liquid products. CDs are laddered to ensure cash is available if needed. They have no exposure to illiquid assets.

**NYC AUTISM CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)**

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,543,902	\$ 263,223
investments	2,010,995	1,998,975
Contributions and grant receivable	<u>12,552</u>	<u>15,142</u>
	3,567,449	2,277,340
Less: Net assets with donor restrictions	<u>(134,197)</u>	<u>(145,305)</u>
	<u>\$ 3,433,252</u>	<u>\$ 2,132,035</u>

**NOTE 4 – RESTRICTED CASH**

The New York City Department of Education (the "NYCDOE") requires the Schools to maintain funds in a separate cash account to have funds available to ensure an orderly liquidation, dissolution or transition process if the Schools charters were to be terminated or the Schools were closed for other reasons. Restricted cash amounted to \$151,920 and \$126,794 as of June 30, 2020 and 2019, respectively.

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consisted of the following as of June 30, 2020 and were classified in the table below in two of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 1,810,215	\$ 1,810,215
Money market funds	<u>200,780</u>	<u>-</u>	<u>200,780</u>
Total investments	<u>\$ 200,780</u>	<u>\$ 1,810,215</u>	<u>\$ 2,010,995</u>

Investments consisted of the following as of June 30, 2019 and were classified in the table below in two of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 1,675,176	\$ 1,675,176
Money market funds	<u>323,799</u>	<u>-</u>	<u>323,799</u>
Total investments	<u>\$ 323,799</u>	<u>\$ 1,675,176</u>	<u>\$ 1,998,975</u>

Investments are subject to market volatility that could substantially change their carrying values in the near term.

Investment income consisted of the following for the years ended June 30, 2020 and 2019 and is included in other income in the accompanying statements of activities:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 37,047	\$ 37,683
Unrealized gain on investments	<u>1,155</u>	<u>2,349</u>
Total	<u>\$ 38,202</u>	<u>\$ 40,032</u>

**NYC AUTISM CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining fair value, the Schools utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in money market funds are valued using market prices in active markets (Level 1). Investments in certificates of deposit are valued based on average daily yields and other observable inputs (Level 2).

The Schools' policy is to recognize transfers in and out between fair value levels as of the beginning of the period in which the transfer takes place. During the years ended June 30, 2020 and 2019, no such transfers between fair value levels occurred.

**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Furniture and fixtures	\$ 514,507	\$ 482,937	5 years
Computer equipment	498,569	466,381	3 years
Leasehold improvements	<u>886,888</u>	<u>886,888</u>	Remaining charter term
	1,899,964	1,836,206	
Less: accumulated depreciation and amortization	<u>(1,456,239)</u>	<u>(1,183,088)</u>	
Total	<u>\$ 443,725</u>	<u>\$ 653,118</u>	

Depreciation and amortization expense amounted to \$273,151 and \$214,723 for the years ended June 30, 2020 and 2019.

**NOTE 7 – SCHOOL FACILITIES**

- A. East Harlem School has a Facility Shared Use Agreement (the "Facility Agreement") with the NYCDOE for dedicated and shared space at P.S. 50, a New York City public school located at 433 East 100<sup>th</sup> Street, New York, New York at a cost of \$1 per year. The total square footage utilized by East Harlem School during the years ended June 30, 2020 and 2019 amounted to approximately 8,200 square feet. East Harlem School will continue to operate under the terms of the Facility Agreement unless either party terminates the Facility Agreement with appropriate notice. In addition, East Harlem School continues to be responsible for any overtime-related costs for services provided beyond the regular opening hours.

**NYC AUTISM CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 7 – SCHOOL FACILITIES (Continued)**

- B. Bronx School is co-located on the 4th floor of 1180 Tinton Avenue in the Bronx. The space houses eight classrooms, one student gym, one staff room and multiple administrative spaces. Each classroom is approximately 600 square feet, and the school occupies approximately 7,500 square feet at the site.

**NOTE 8 – CONTINGENCIES**

- A. The Schools believe it had no uncertain tax positions as of June 30, 2020 and 2019, in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowances of costs submitted for reimbursement by the Schools. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.
- C. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. The Schools could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. Even when school buildings were closed due to the COVID-19 pandemic, the Schools was able to continue to deliver educational services remotely. However, the delay in receiving a per pupil increase, which was frozen for over eight years, along with increased technology expenditures, expenditures related to personal protective equipment and re-opening planning, as well as a decrease in fundraising dollars (e.g., the Spring event was cancelled) all had some budgetary impact. As the situation continues to evolve and change, the Schools is closely monitoring the effects of the pandemic on all aspects of its business, including the possibility of a reimbursement decrease or hold-back, additional increases in certain categories of expenses, and enrollment shifts.

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes as of June 30:

Purpose restricted:	<u>2020</u>	<u>2019</u>
Extended school-year program	\$ 75,000	\$ 75,000
Transition program	8,938	8,938
NEXT for Young Adult Program	<u>50,259</u>	<u>61,367</u>
	<u>\$ 134,197</u>	<u>\$ 145,305</u>

For the years ended June 30, 2020 and 2019, net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

Purpose restrictions accomplished:	<u>2020</u>	<u>2019</u>
Extended school-year program	\$ 75,000	\$ 75,000
Other	<u>11,108</u>	<u>13,633</u>
	<u>\$ 86,108</u>	<u>\$ 88,633</u>

**NYC AUTISM CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 10 – CONCENTRATIONS**

- A. The Schools receive a majority of its revenues from the New York State Education Department through the New York City Department of Education Office of Schools. The New York City Department of Education provides general operating support to the Schools based upon the location and the number of students enrolled. Operating support provided to the Schools by the New York City Department of Education totaled \$6,264,854 and \$5,272,520, respectively, for the years ended June 30, 2020 and 2019. The Schools are dependent upon this level of funding in order to continue its operations.
- B. Cash accounts that potentially subject the Schools to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of June 30, 2020 and 2019, there was approximately \$1,307,000 and \$57,000, respectively, of cash and cash equivalents held by a bank that exceeded FDIC limits.

**NOTE 11 – PENSION PLAN**

The Schools maintain a defined contribution plan (“Plan”) in accordance with the provisions of Section 401(k) of the Code. This Plan is available to all eligible full-time employees who have at least one year of service. The Schools, at its own discretion, can make matching and nonelective contributions. Effective July 1, 2013, the Plan was amended to match each participant’s contribution, up to a maximum 3% of gross compensation. Contributions amounted to \$50,014 and \$48,646 for the years ended June 30, 2020 and 2019, respectively, and are included in fringe benefits and payroll taxes in the accompanying statements of functional expenses.

**NOTE 12 – LOAN PAYABLE**

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

The Schools applied for this loan through a Small Business Administration (“SBA”) authorized lender – Bank of America and received \$915,750 in May 2020. Management has opted to account for the proceeds as a loan under FASB ASC 470 until the loan is, in part or wholly, forgiven and the Schools has been “legally released.”

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated, for potential accrual or disclosure, events subsequent to the date of the statements of financial position through October 20, 2020, the date the financial statements were available to be issued.



**NYC AUTISM CHARTER SCHOOLS  
COMBINING SCHEDULE OF ACTIVITIES BY SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2020**

	East Harlem School			Bronx School			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE:</b>									
State and local per pupil operating revenue	\$ 3,591,477	\$ -	\$ 3,591,477	\$ 2,673,377	\$ -	\$ 2,673,377	\$ 6,264,854	\$ -	\$ 6,264,854
Contributions from individuals	128,080	-	128,080	32,506	-	32,506	160,586	-	160,586
Government grants	46,216	-	46,216	32,320	-	32,320	78,536	-	78,536
Grants from foundations	57,406	45,000	102,406	22,644	30,000	52,644	80,050	75,000	155,050
Net assets released from restrictions	56,108	(56,108)	-	30,000	(30,000)	-	86,108	(86,108)	-
<b>TOTAL OPERATING REVENUE</b>	<b>3,879,287</b>	<b>(11,108)</b>	<b>3,868,179</b>	<b>2,790,847</b>	<b>-</b>	<b>2,790,847</b>	<b>6,670,134</b>	<b>(11,108)</b>	<b>6,659,026</b>
<b>OPERATING EXPENSES:</b>									
<b>Program Services</b>									
Regular Education	3,103,253	-	3,103,253	2,489,965	-	2,489,965	5,593,218	-	5,593,218
<b>Total Program Services</b>	<b>3,103,253</b>	<b>-</b>	<b>3,103,253</b>	<b>2,489,965</b>	<b>-</b>	<b>2,489,965</b>	<b>5,593,218</b>	<b>-</b>	<b>5,593,218</b>
<b>Supporting Services</b>									
Management and General	485,857	-	485,857	416,701	-	416,701	902,558	-	902,558
Fundraising	56,572	-	56,572	38,127	-	38,127	94,699	-	94,699
<b>Total Supporting Services</b>	<b>542,429</b>	<b>-</b>	<b>542,429</b>	<b>454,828</b>	<b>-</b>	<b>454,828</b>	<b>997,257</b>	<b>-</b>	<b>997,257</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,645,682</b>	<b>-</b>	<b>3,645,682</b>	<b>2,944,793</b>	<b>-</b>	<b>2,944,793</b>	<b>6,590,475</b>	<b>-</b>	<b>6,590,475</b>
<b>NET INCREASE (DECREASE) FROM OPERATIONS</b>	<b>233,605</b>	<b>(11,108)</b>	<b>222,497</b>	<b>(153,946)</b>	<b>-</b>	<b>(153,946)</b>	<b>79,659</b>	<b>(11,108)</b>	<b>68,551</b>
<b>NON-OPERATING ACTIVITIES:</b>									
Other income	60,662	-	60,662	412	-	412	61,074	-	61,074
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>60,662</b>	<b>-</b>	<b>60,662</b>	<b>412</b>	<b>-</b>	<b>412</b>	<b>61,074</b>	<b>-</b>	<b>61,074</b>
<b>CHANGE IN NET ASSETS</b>	<b>294,267</b>	<b>(11,108)</b>	<b>283,159</b>	<b>(153,534)</b>	<b>-</b>	<b>(153,534)</b>	<b>140,733</b>	<b>(11,108)</b>	<b>129,625</b>
Net Assets - beginning of year	2,449,421	115,305	2,564,726	223,630	30,000	253,630	2,673,051	145,305	2,818,356
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,743,688</b>	<b>\$ 104,197</b>	<b>\$ 2,847,885</b>	<b>\$ 70,096</b>	<b>\$ 30,000</b>	<b>\$ 100,096</b>	<b>\$ 2,813,784</b>	<b>\$ 134,197</b>	<b>\$ 2,947,981</b>

NYC AUTISM CHARTER SCHOOLS  
COMBINING SCHEDULE OF ACTIVITIES BY SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2019

	East Harlem School			Bronx School			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE:</b>									
State and local per pupil operating revenue	\$ 3,548,861	\$ -	\$ 3,548,861	\$ 1,723,659	\$ -	\$ 1,723,659	\$ 5,272,520	\$ -	\$ 5,272,520
Contributions from individuals	74,596	-	74,596	27,204	-	27,204	101,800	-	101,800
Government grants	59,140	-	59,140	166,623	-	166,623	225,763	-	225,763
Grants from foundations	25,000	120,000	145,000	-	30,000	30,000	25,000	150,000	175,000
Net assets released from restrictions	58,633	(58,633)	-	30,000	(30,000)	-	88,633	(88,633)	-
<b>TOTAL OPERATING REVENUE</b>	<b>3,766,230</b>	<b>61,367</b>	<b>3,827,597</b>	<b>1,947,486</b>	<b>-</b>	<b>1,947,486</b>	<b>5,713,716</b>	<b>61,367</b>	<b>5,775,083</b>
<b>OPERATING EXPENSES:</b>									
<b>Program Services</b>									
Regular Education	3,106,701	-	3,106,701	1,763,825	-	1,763,825	4,870,526	-	4,870,526
<b>Total Program Services</b>	<b>3,106,701</b>	<b>-</b>	<b>3,106,701</b>	<b>1,763,825</b>	<b>-</b>	<b>1,763,825</b>	<b>4,870,526</b>	<b>-</b>	<b>4,870,526</b>
<b>Supporting Services</b>									
Management and General	612,282	-	612,282	463,578	-	463,578	1,075,860	-	1,075,860
Fundraising	39,429	-	39,429	35,868	-	35,868	75,297	-	75,297
<b>Total Supporting Services</b>	<b>651,711</b>	<b>-</b>	<b>651,711</b>	<b>499,446</b>	<b>-</b>	<b>499,446</b>	<b>1,151,157</b>	<b>-</b>	<b>1,151,157</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,758,412</b>	<b>-</b>	<b>3,758,412</b>	<b>2,263,271</b>	<b>-</b>	<b>2,263,271</b>	<b>6,021,683</b>	<b>-</b>	<b>6,021,683</b>
<b>NET INCREASE (DECREASE) FROM OPERATIONS</b>	<b>7,818</b>	<b>61,367</b>	<b>69,185</b>	<b>(315,785)</b>	<b>-</b>	<b>(315,785)</b>	<b>(307,967)</b>	<b>61,367</b>	<b>(246,600)</b>
<b>NON-OPERATING ACTIVITIES:</b>									
Other income	41,050	-	41,050	745	-	745	41,795	-	41,795
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>41,050</b>	<b>-</b>	<b>41,050</b>	<b>745</b>	<b>-</b>	<b>745</b>	<b>41,795</b>	<b>-</b>	<b>41,795</b>
<b>CHANGE IN NET ASSETS</b>	<b>48,868</b>	<b>61,367</b>	<b>110,235</b>	<b>(315,040)</b>	<b>-</b>	<b>(315,040)</b>	<b>(266,172)</b>	<b>61,367</b>	<b>(204,805)</b>
Net Assets - beginning of year	2,400,553	53,938	2,454,491	538,670	30,000	568,670	2,939,223	83,938	3,023,161
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,449,421</b>	<b>\$ 115,305</b>	<b>\$ 2,564,726</b>	<b>\$ 223,630</b>	<b>\$ 30,000</b>	<b>\$ 253,630</b>	<b>\$ 2,673,051</b>	<b>\$ 145,305</b>	<b>\$ 2,818,356</b>

NYC AUTISM CHARTER SCHOOLS  
 COMBINING SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL  
 FOR THE YEAR ENDED JUNE 30, 2020

	East Harlem School				Bronx School					Supporting Services					
	Program Services	Supporting Services			Total	Program Services	Supporting Services			Total	Program Services	Supporting Services			Total 2020
	Regular Education	Management and General	Fundraising	Total Supporting Services		Regular Education	Management and General	Fundraising	Total Supporting Services		Regular Education	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 2,178,211	\$ 252,713	\$ 48,153	\$ 300,866	\$ 2,479,077	\$ 1,697,295	\$ 205,213	\$ 31,813	\$ 237,026	\$ 1,934,321	\$ 3,875,506	\$ 457,926	\$ 79,966	\$ 537,892	\$ 4,413,398
Fringe benefits and payroll taxes	594,031	68,048	6,724	74,772	668,803	456,726	53,389	5,153	58,542	515,268	1,050,757	121,437	11,877	133,314	1,184,071
<b>Total Salaries and Related Costs</b>	<b>2,772,242</b>	<b>320,761</b>	<b>54,877</b>	<b>375,638</b>	<b>3,147,880</b>	<b>2,154,021</b>	<b>258,602</b>	<b>36,966</b>	<b>295,568</b>	<b>2,449,589</b>	<b>4,926,263</b>	<b>579,363</b>	<b>91,843</b>	<b>671,206</b>	<b>5,597,469</b>
Consulting and professional fees	146,769	91,053	-	91,053	237,822	85,040	102,390	-	102,390	187,430	231,809	193,443	-	193,443	425,252
Classroom and teaching supplies	43,191	-	-	-	43,191	34,225	-	-	-	34,225	77,416	-	-	-	77,416
Repairs & maintenance	11,423	2,856	-	2,856	14,279	1,358	340	-	340	1,698	12,781	3,196	-	3,196	15,977
Insurance	17,498	4,375	-	4,375	21,873	17,456	4,364	-	4,364	21,820	34,954	8,739	-	8,739	43,693
Staff recruitment and development	6,315	15,044	-	15,044	21,359	1,842	6,113	-	6,113	7,955	8,157	21,157	-	21,157	29,314
Communications and outreach	9,322	6,109	550	6,659	15,981	6,058	5,052	661	5,713	11,771	15,380	11,161	1,211	12,372	27,752
Expensed furniture and equipment	1,002	4,440	-	4,440	5,442	1,785	2,480	-	2,480	4,265	2,787	6,920	-	6,920	9,707
Travel	1,482	1,482	-	1,482	2,964	955	955	-	955	1,910	2,437	2,437	-	2,437	4,874
Office expense	26,055	31,383	1,145	32,528	58,583	10,790	15,997	500	16,497	27,287	36,845	47,380	1,645	49,025	85,870
Depreciation and amortization	67,954	8,354	-	8,354	76,308	176,435	20,408	-	20,408	196,843	244,389	28,762	-	28,762	273,151
<b>TOTAL EXPENSES</b>	<b>\$ 3,103,253</b>	<b>\$ 485,857</b>	<b>\$ 56,572</b>	<b>\$ 542,429</b>	<b>\$ 3,645,682</b>	<b>\$ 2,489,965</b>	<b>\$ 416,701</b>	<b>\$ 38,127</b>	<b>\$ 454,828</b>	<b>\$ 2,944,793</b>	<b>\$ 5,593,218</b>	<b>\$ 902,558</b>	<b>\$ 94,699</b>	<b>\$ 997,257</b>	<b>\$ 6,590,475</b>

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees of  
NYC Autism Charter Schools

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 NYC Autism Charter Schools (the "Schools"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Schools' internal control over financial reporting (internal control) to determine 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 Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marks Paneth LLP*

New York, NY  
October 20, 2020