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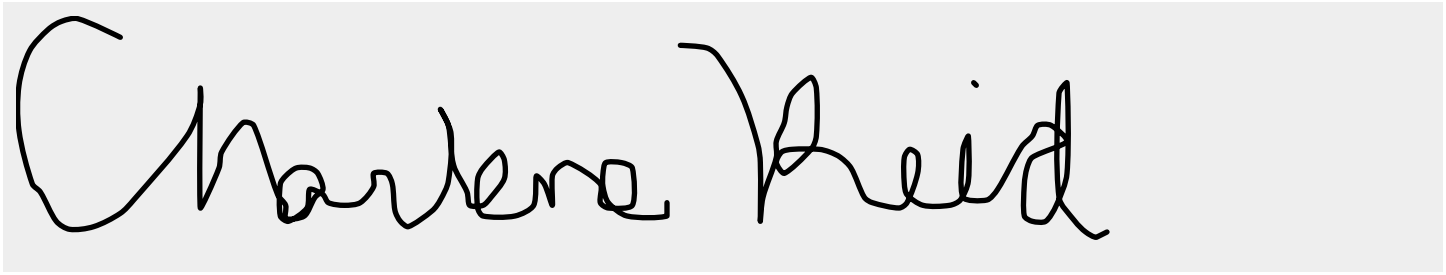

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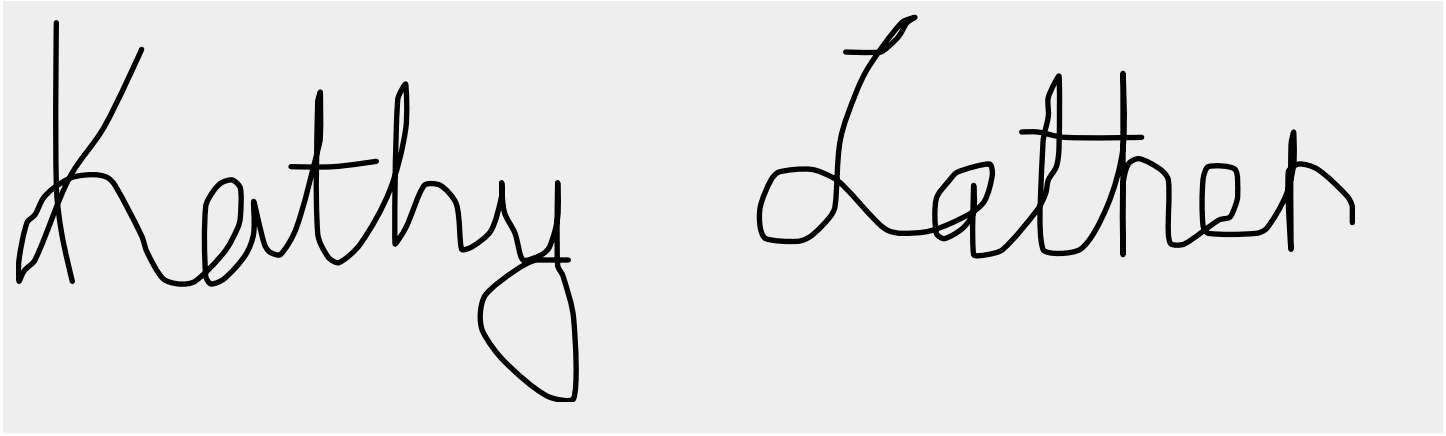

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CONTENTS

AUDITED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bronx Charter School for Excellence

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bronx Charter School for Excellence which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bronx Charter School for Excellence and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Sa א ɹ dd g.risks$n , T km ᵵ ȳd p " l m
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BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022
(With Comparative Totals for 2021)

NOTE A: THE CHARTER SCHOOL AND SUP SQ T UM = Q r M A f Cont'

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022
(With Comparative Totals for 2021)

NOTE A: THE CHARTER SCHOOL AND SUP AYD D P ˜ ɾ ɪɻ M ɪɻ } ᵘ

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

Bond issuance costs

Bond issuance costs, which consist of deferred financing charges, are stated at cost and are amortized over the term of the bonds which vary from 5 to 30 years through various dates up to April 2043. The Charter School shows bond issuance costs as a deduction from the carrying amount of bonds payable, net on the accompanying statement of financial position.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Deferred lease liability

The Charter School leases certain facilities. The leases contain pre-determined fixed escalation of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis over the lease term and records the difference between the recognized rental expense and the amounts payable under the leases as a deferred lease liability.

Tax exempt status

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2019 through June 30, 2022 are still subject to pe a

NOTE B: LIQUIDITY AND AVAILABILITY , Cont'd

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, comprise the following at June 30, 2022 and 2021:

	June 30,	
	2022	2021
Cash and cash equivalents	$ 17,723,799	$ 23,666,557
Grants and contracts receivable	3,971,123	1,211,156
Investm		

NOTE D: SCHOOL FACILITIES, Cont'd

The lease signed between a single member LLC related to Excellence and a third party for the Bronx Excellence 5 location is guaranteed by the Charter School. The future minimum payments on this agreement through June 2029 are as follows:

Year ending June 30,	Amount
2023	$ 751,000
2024	770,000
2025	789,000
2026	809,000
2027	829,000
Thereafter	1,721,000
	$ 5,669,000

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30, 2022	June 30, 2021
Land	$ 914,772	$ 914,772
Buildings	33,427,018	33,156,833
Furniture and fixtures	762,285	686,307
Computers and equipment	3,581,607	2,140,542
Software	12,661	12,661
Leasehold improvements	3,105,916	2,955,645
Construction in progress	-	28,481
	41,804,259	39,895,241
Less accumulated depreciation and amortization	9,162,109	7,533,477
	$ 32,642,150	$ 32,361,764

No provision for depreciation was made on construction in progress until such time as the relevant assets were completed and put into use in 2022. Total depreciation and amortization expense was $1,628,632 and $1,390,798 for the years ended June 30, 2022 and 2021, respectively.

NOTE G: FAIR VALUE MEASUREMENTS, Cont'd

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2022 or 2021 :

Money market funds: Fair value equals cost.

Certificates of deposit: Fair values are calculated based on the exact runoff of principal for each CD in each category given its contractual maturity, discounted at an appropriate term rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Charter School believes its valuation methods are appropriate and consis

NOTE H: BONDS PAYABLE, Cont'd

The bonds are secured by the assets and certain revenue of the Charter School. Additionally, the Charter School Financing Partnership, an organization established to provide access to secondary market financing for charter schools that serve disadvantaged students and communities, has provided funds amounting to $1,540,000 to be held by the trustee in a Debt Reserve account as additional security. This amount is included in restricted investments in the statement of financial position. The Charter School is obligated to pay an annual fee equal to 0.14% of the bonds outstanding principal amount as of March 31st each year, for the use of

NOTE J: CONTINGENCY

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

NOTE K: CONCENTRATIONS

At June 30, 2022, approximately 90% of grants and contracts receivable are due from the Federal government, relating to certain grants. For the year ended June 30, 2022, 80% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

At June 30, 2021, approximately 69% of grants and contracts receivables are due from the Federal government, relating to certain grants. For the year ended June 30, 2021, 84% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE L: NET ASSETS

BRONX CHARTER SCHOOL FOR EXCELLENCE

OTHER FINANCIAL INFORMATION

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 5

YEAR ENDED JUNE 30, 2022

		Program Services			Supporting Services	
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Total
Personnel Services Costs:						
Administrative staff personnel	5	$ 254,733	$ 84,911	$ 339,644	$ 84,906	$ 424,550
Instructional personnel	17	803,823	88,174	891,997	1,904	893,901
Total salaries and wages	22	1,058,556	173,085	1,231,641	86,810	1,318,451
Payroll taxes and employee benefits		275,309	65,182	340,491	77,594	418,085
Professional development		13,177	2,155	15,332	1,081	16,413
Legal fees		-	-	-	217	217
Audit/accounting fees		-	-	-	5,346	5,346
Professional services		175,169	22,122	197,291	24,285	221,576

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