

ROSALYN YALOW CHARTER SCHOOL

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

(With Comparative Totals for 2021)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rosalyn Yalow Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rosalyn Yalow Charter School, 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 referred to above present fairly, in all material respects, the financial position of Rosalyn Yalow Charter School 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rosalyn Yalow Charter School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rosalyn Yalow Charter School'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. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rosalyn Yalow Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rosalyn Yalow Charter School's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Financial Information

We have previously audited Rosalyn Yalow Charter School's June 30, 2021 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022 on our consideration of Rosalyn Yalow Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rosalyn Yalow Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 26, 2022

ROSALYN YALOW CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(With Comparative Totals for 2021)

	<u>June 30,</u>	
<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 4,273,958	\$ 5,037,772
Grants and other receivables	788,114	98,401
Prepaid expenses	<u>85,188</u>	<u>244,676</u>
TOTAL CURRENT ASSETS	5,147,260	5,380,849
<u>PROPERTY AND EQUIPMENT, net</u>	4,705,422	1,391,437
<u>OTHER ASSETS</u>		
Deposits	427,787	827,924
Cash in escrow	<u>100,048</u>	<u>100,048</u>
TOTAL ASSETS	<u>\$ 10,380,517</u>	<u>\$ 7,700,258</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 296,464	\$ 220,563
Accrued payroll and benefits	502,815	518,049
Deferred revenue	<u>360,831</u>	<u>12,439</u>
TOTAL CURRENT LIABILITIES	1,160,110	751,051
<u>DEFERRED LEASE LIABILITY</u>	<u>127,083</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,287,193</u>	<u>751,051</u>
<u>NET ASSETS</u>		
Without donor restrictions	<u>9,093,324</u>	<u>6,949,207</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,380,517</u>	<u>\$ 7,700,258</u>

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

ROSALYN YALOW CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	Year ended June 30,	
	2022	2021
Operating revenue and support:		
State and local per pupil operating revenue	\$ 8,815,249	\$ 9,542,849
NYC DOE Rental Assistance	2,353,401	1,983,534
Federal grants	2,312,481	770,031
State grants	32,445	31,410
Fundraising	-	4,286
Contributed goods and services	-	3,049
	TOTAL OPERATING REVENUE AND SUPPORT	12,335,159
	13,513,576	12,335,159
Expenses:		
Program:		
Regular education	7,912,658	7,387,516
Special education	2,313,120	1,863,617
Management and general	1,171,891	1,577,685
Fundraising	-	16,571
	TOTAL EXPENSES	10,845,389
	11,397,669	10,845,389
SURPLUS FROM SCHOOL OPERATIONS	2,115,907	1,489,770
Support and other revenue:		
Other revenue	33,877	-
Loss on disposal of assets	(6,537)	-
Paycheck Protection Program loan forgiveness	-	1,145,016
Interest income	870	2,294
	TOTAL SUPPORT AND OTHER REVENUE	1,147,310
	28,210	1,147,310
CHANGE IN NET ASSETS	2,144,117	2,637,080
Net assets at beginning of year	6,949,207	4,312,127
NET ASSETS AT END OF YEAR	\$ 9,093,324	\$ 6,949,207

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

ROSALYN YALOW CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	Year Ended June 30,							2021
	2022							
	No. of Positions	Program Services		Sub-total	Supporting Services		Total	
Regular Education		Special Education	Management and General		Sub-total			
Personnel services costs:								
Administrative staff personnel	16	\$ 513,705	\$ 122,002	\$ 635,707	\$ 410,177	\$ 410,177	\$ 1,045,884	\$ 1,365,153
Instructional personnel	57	3,164,120	964,271	4,128,391	-	-	4,128,391	4,077,106
Non-instructional personnel	<u>2</u>	<u>21,141</u>	<u>4,095</u>	<u>25,236</u>	<u>15</u>	<u>15</u>	<u>25,251</u>	<u>174,409</u>
Total salaries and wages	75	3,698,966	1,090,368	4,789,334	410,192	410,192	5,199,526	5,616,668
Fringe benefits and payroll taxes		655,606	193,257	848,863	72,703	72,703	921,566	1,065,212
Retirement		554	163	717	61	61	778	40,553
Legal services		-	-	-	90,237	90,237	90,237	23,574
Accounting/Audit services		-	-	-	169,860	169,860	169,860	220,934
Other Purchased/Professional/Consulting Services		188,133	83,867	272,000	20,863	20,863	292,863	273,432
Building and Land Rent/Lease		1,886,451	556,080	2,442,531	209,195	209,195	2,651,726	1,962,665
Repairs and maintenance		271,636	80,072	351,708	30,123	30,123	381,831	203,984
Insurance		55,541	16,372	71,913	6,159	6,159	78,072	72,992
Utilities		-	-	-	-	-	-	83,570
Supplies/Materials		249,661	49,702	299,363	-	-	299,363	97,768
Equipment/Furnishings		160	47	207	18	18	225	1,424
Staff development		108,071	22,304	130,375	1,550	1,550	131,925	193,946
Marketing/Recruitment		312,580	82,912	395,492	24,583	24,583	420,075	290,723
Technology		92,049	27,134	119,183	10,208	10,208	129,391	146,486
Food service		21,612	4,177	25,789	-	-	25,789	1,925
Student services		28,406	5,489	33,895	-	-	33,895	14,934
Office expense		74,734	22,029	96,763	50,378	50,378	147,141	108,566
Depreciation and amortization		268,498	79,147	347,645	29,775	29,775	377,420	177,170
Other		-	-	-	45,986	45,986	45,986	248,863
		<u>\$ 7,912,658</u>	<u>\$ 2,313,120</u>	<u>\$ 10,225,778</u>	<u>\$ 1,171,891</u>	<u>\$ 1,171,891</u>	<u>\$ 11,397,669</u>	<u>\$ 10,845,389</u>

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

ROSALYN YALOW CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,144,117	\$ 2,637,080
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	377,420	177,170
Loss on disposal of property and equipment	6,537	-
Paycheck Protection Program loan forgiveness	-	(1,145,016)
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(689,713)	330,880
Prepaid expenses	159,488	(145,532)
Deposits	400,137	(416,667)
Accounts payable and accrued expenses	75,901	(425,622)
Accrued payroll and benefits	(15,234)	(381)
Deferred revenue	348,392	(5,409)
Deferred lease liability	127,083	(20,869)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	2,934,128	985,634
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(3,697,942)	(1,152,960)
NET CASH USED FOR INVESTING ACTIVITIES	(3,697,942)	(1,152,960)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(763,814)	(167,326)
Cash, cash equivalents and restricted cash at beginning of year	5,137,820	5,305,146
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 4,374,006	\$ 5,137,820

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

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Rosalyn Yalow Charter School (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School engages its students in a process of inquiry. The students are equipped with the necessary skills to lead fulfilling personal and professional lives, including a developed sense of self, the ability to think in innovative and flexible ways, and the inspiration to make a positive impact on their community. On June 24, 2014 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration on June 30, 2020. On February 24, 2020, the Charter School was granted an extension of the provisional charter for an additional term of four years, renewable upon expiration on June 30, 2024.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities and net assets of the Charter School are reported in the following self-balancing net asset groups:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Charter School.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Charter School’s State and local per pupil operating revenue qualifies as exchange transactions and the revenues are recognized over time.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

State and local per pupil revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

The following table summarizes contract balances at their respective statement of financial position dates:

	<u>June 30,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contracts receivable	\$ 16,481	\$ 29,428	\$ 98,892
Deferred revenue	360,831	12,439	17,848

Contributions (Fundraising)

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position and amounted to \$771,663 and \$68,973 at June 30, 2022 and 2021, respectively. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. The Charter School received cost-reimbursement grants of approximately \$1,573,000 and \$46,600 that have not been recognized at June 30, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

Cash, cash equivalents and cash in escrow

Cash and cash equivalents balances include demand deposit accounts and certain money market accounts, and are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first three years of operations and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. Upon the renewal of the provisional charter on February 24, 2020, the required balance of the escrow increased to \$100,000 to be funded by December 31, 2021. The Charter School fully funded this additional amount during the year ended June 30, 2020.

Cash and cash equivalents and cash in escrow at June 30, 2022 and 2021 consisted of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,273,958	\$ 5,037,772
Cash in escrow	<u>100,048</u>	<u>100,048</u>
	<u>\$ 4,374,006</u>	<u>\$ 5,137,820</u>

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2022 or 2021.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to fifteen years. Leasehold improvements are being amortized over the term of the lease.

Deposits

Deposits are made up of payments made to third parties in connection with facility lease agreements.

Contributed goods and services

The Charter School received transportation services, a nurse, speech therapist, occupational therapist, physical therapist, food supplies and services and lease assistance from the local district. The Charter School was unable to determine a value for these services.

The Charter School received donated property and equipment during the year ended June 30, 2021. Donated goods are valued at the fair value of the items at the date of donation. The Charter School valued the goods received during the year ended June 30, 2021 at \$3,049. The amount was included in contributed goods and services in the accompanying statement of activities and changes in net assets and in property and equipment on the statement of financial position. There were no donated property or equipment at June 30, 2022.

In-kind contributions

Gifts and donations other than cash are recorded at fair market value at the date of contribution.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulation and, accordingly, is exempt from federal and state taxes on income.

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 potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$420,100 and \$290,700 for the years ended June 30, 2022 and 2021, respectively.

Deferred lease liability

The Charter School leases its facility. The lease contains 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 fifteen years which is the lease term and records the difference between the recognized rental expense and the amounts payable under the lease as a deferred lease liability.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standard – gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kinds recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and is being applied on a retrospective basis. The Charter School adopted this standard during the year ended June 30, 2022. There were no gifts-in-kind recorded for the years ended June 30, 2022 and 2021.

New accounting pronouncements - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School’s financial position or results of operations.

Comparatives for the year ended June 30, 2021

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School’s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 26, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash and shows positive cash generated by operations for fiscal years 2022 and 2021.

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,	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,273,958	\$ 5,037,772
Grants and other receivables	<u>788,114</u>	<u>98,401</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 5,062,072</u>	<u>\$ 5,136,173</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 421,641	\$ 375,266
Leasehold improvements	4,547,551	61,447
Office equipment	114,524	38,118
Construction in progress	-	1,108,662
Computers and equipment	<u>595,430</u>	<u>466,658</u>
	5,679,146	2,050,151
Less accumulated depreciation and amortization	<u>973,724</u>	<u>658,714</u>
	<u>\$ 4,705,422</u>	<u>\$ 1,391,437</u>

At June 30, 2021, \$1,108,662 of construction in progress related to improvements for a future school facility. No provision for depreciation was made on construction in progress until such time as the relevant assets are completed and put into use. All of the improvements were placed in service at June 30, 2022.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE D: RENT EXPENSE

The Charter School signed a lease extension for its facility with a third party renewing an existing lease to a term of July 1, 2018 through June 30, 2021, at fixed amount of \$105,000 per month. On June 5, 2018, the Charter School signed a lease agreement with a third party for an additional facility. This lease commenced on July 1, 2018 with an expiration date of June 30, 2021, at \$56,800 per month for the first year, and a three percentage increase the next two years. Total rental expense was approximately \$1,963,000 for the year ended June 30, 2021.

On December 18, 2020, the Charter School signed a lease with a third party for a new facility. This lease has a fifteen-year term with rent payments that commenced on July 1, 2021 through June 30, 2036. The base rent is the greater of \$2,500,000 annually for the initial five years with 5% increases every five years or the rental assistance amount. Total rent expense was approximately \$2,652,000 for the year ended June 30, 2022.

The future minimum payments on these agreements are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 2,500,000
2024	2,500,000
2025	2,500,000
2026	2,500,000
2027	2,625,000
Thereafter	<u>24,281,250</u>
	<u>\$ 36,906,250</u>

The total amount of rental payments due over the lease terms will be charged to rent expense on the straight-line method over the term of the leases. The difference between rent expense recorded and the amount paid will be credited or charged to "deferred lease liability" in the accompanying statement of financial position.

NOTE E: OPERATING LEASES

The Charter School leases office equipment under non-cancelable lease agreements expiring at various dates through June 2024. The approximate future minimum payment on these lease agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 18,700
2024	<u>17,700</u>
Total	<u>\$ 36,400</u>

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE F: 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 G: CONCENTRATIONS

Approximately 2% and 30% of grants and other receivable are due from New York State agencies at June 30, 2022 and 2021, respectively. Approximately 98% and 70% of grants and other receivables are due from the federal government relating to certain grants at June 30, 2022 and 2021, respectively.

For the years ended June 30, 2022 and 2021, approximately 83% and 86%, respectively, of total operating revenue and support came from per-pupil funding and rental assistance provided by New York State through the New York City School District. 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 H: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. The Plan allows for the Charter School to make discretionary contributions to the Plan. The Charter School contributed approximately \$1,000 and \$41,000 to the Plan for the years ended June 30, 2022 and 2021, respectively.

NOTE I: FUNCTIONAL EXPENSES

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. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE J: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Undesignated	\$ 4,387,902	\$ 5,557,770
Invested in property and equipment	<u>4,705,422</u>	<u>1,391,437</u>
	<u>\$ 9,093,324</u>	<u>\$ 6,949,207</u>

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE K: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, in May 2020 the Organization applied for and was approved by a bank for a loan of \$1,145,016 through the Paycheck Protection Program established by the Small Business Administration. The loan had a maturity of 2 years and an interest rate of 1%. The loan had the potential for forgiveness provided certain requirements are met by the Organization. The loan was funded on May 21, 2020. In June 2021, the Small Business Administration approved the forgiveness of the loan and all accrued interest, which was reported as Paycheck Protection Program loan forgiveness on the accompanying statement of activities and changes in net assets for the year ended June 30, 2021.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized \$1,704,041 and \$287,771 of revenue relative to ESSER grants during the years ended June 30, 2022 and June 30, 2021, respectively. The Charter School has \$1,573,292 of ESSER grants still available through September 30, 2024 as of June 30, 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for emergency connectivity. The Emergency Connectivity Fund (ECF Fund) was established to award grants to state and local educational agencies. The Charter School has recognized \$39,600 of revenue relative to ECF grants during the year ended June 30, 2022.