

Bedford Stuyvesant New Beginnings Charter School

Financial Statements

June 30, 2019 and 2018

Independent Auditors' Report

Board of Trustees Bedford Stuyvesant New Beginnings Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Bedford Stuyvesant New Beginnings Charter School (the "School"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2019 and 2018, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, Bedford Stuyvesant New Beginnings Charter School adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 8, 2019

Bedford Stuyvesant New Beginnings Charter School

Statements of Financial Position

	June 30,	
	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,183,755	\$ 1,464,026
Grants and contracts receivable	57,694	593,184
Prepaid expenses and other current assets	<u>38,489</u>	<u>147,809</u>
Total Current Assets	2,279,938	2,205,019
Property and equipment, net	1,729,421	1,766,568
Restricted cash	75,464	75,389
Security deposits	<u>79,845</u>	<u>79,845</u>
	<u>\$ 4,164,668</u>	<u>\$ 4,126,821</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 191,520	\$ 182,545
Accrued payroll and payroll taxes	644,819	454,748
Deferred rent, current portion	<u>184,346</u>	<u>184,346</u>
Total Current Liabilities	1,020,685	821,639
Deferred rent	<u>3,305,902</u>	<u>3,121,557</u>
Total Liabilities	4,326,587	3,943,196
Net assets (deficit), without donor restrictions	<u>(161,919)</u>	<u>183,625</u>
	<u>\$ 4,164,668</u>	<u>\$ 4,126,821</u>

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statements of Activities

	Year Ended June 30,	
	2019	2018
REVENUE AND SUPPORT		
State and local per pupil operating revenue	\$ 13,021,279	\$ 11,638,551
State and local per pupil facilities funding	730,947	613,185
Federal grants	467,975	554,978
State and city grants	430,078	204,041
Contributions and private grants	15,492	29,697
After school program	37,931	50,904
In-kind donation	1,374	5,880
Other income	39,911	5,574
Total Revenue and Support	14,744,987	13,102,810
EXPENSES		
Program Services		
Regular education	9,459,904	8,083,253
Special education	2,556,646	2,497,105
Supplementary education	462,043	438,213
Total Program Services	12,478,593	11,018,571
Supporting Services		
Management and general	2,597,423	2,422,196
Fundraising	14,515	232,551
Total Expenses	15,090,531	13,673,318
Change in Net Assets	(345,544)	(570,508)
NET ASSETS (DEFICIT)		
Beginning of year	183,625	754,133
End of year	\$ (161,919)	\$ 183,625

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services				Management and		Total
	Regular Education	Special Education	Supplementary Education	Total	General	Fundraising	
Salaries and wages	\$ 5,599,292	\$ 1,513,618	\$ 123,665	\$ 7,236,575	\$ 1,266,446	\$ 7,965	\$ 8,510,986
Employee benefits and payroll taxes	1,477,149	399,307	32,624	1,909,080	336,205	-	2,245,285
Audit and accounting fees	-	-	-	-	29,750	-	29,750
Legal fees	-	-	-	-	9,875	-	9,875
Marketing and recruiting	57,958	22,092	-	80,050	33,055	-	113,105
Financial management services	-	-	-	-	83,404	-	83,404
Contractual services	13,081	3,536	289	16,906	2,977	-	19,883
Consulting	112,003	30,474	207,827	350,304	239,338	-	589,642
Leased equipment	-	-	-	-	53,887	-	53,887
Student food services	2,950	780	-	3,730	657	-	4,387
Workshop/PD food	32,171	8,509	-	40,680	7,164	-	47,844
Insurance	71,581	18,932	-	90,513	15,941	-	106,454
Utilities	129,656	35,049	2,864	167,569	29,510	-	197,079
Rent	792,522	237,249	90,572	1,120,343	197,707	-	1,318,050
Postage and shipping	-	-	-	-	8,397	-	8,397
Classroom supplies	154,112	35,854	-	189,966	-	-	189,966
Instructional materials	155,351	36,143	-	191,494	-	-	191,494
Professional development	143,009	33,271	-	176,280	37,031	-	213,311
Repairs and maintenance	212,253	57,248	4,202	273,703	48,201	-	321,904
Office expense	38,877	1,934	-	40,811	101,449	6,550	148,810
Telephone and internet services	25,308	6,693	-	32,001	5,635	-	37,636
Information technology	114,766	30,354	-	145,120	25,556	-	170,676
Student transportation	34,887	8,116	-	43,003	-	-	43,003
Dues and subscriptions	31,598	8,357	-	39,955	7,037	-	46,992
Depreciation and amortization	253,588	67,069	-	320,657	56,470	-	377,127
Miscellaneous	7,792	2,061	-	9,853	1,731	-	11,584
Total Expenses	\$ 9,459,904	\$ 2,556,646	\$ 462,043	\$ 12,478,593	\$ 2,597,423	\$ 14,515	\$ 15,090,531

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services				Management and General	Fundraising	Total
	Regular Education	Special Education	Supplementary Education	Total			
Salaries and wages	\$ 4,942,150	\$ 1,524,401	\$ 118,839	\$ 6,585,390	\$ 1,274,379	\$ 27,760	\$ 7,887,529
Employee benefits and payroll taxes	1,124,483	346,846	27,039	1,498,368	289,962	6,316	1,794,646
Audit and accounting fees	-	-	-	-	22,250	-	22,250
Legal fees	-	-	-	-	863	-	863
Marketing and recruiting	45,272	22,476	-	67,748	34,911	3,491	106,150
Financial management services	-	-	-	-	67,769	-	67,769
Consulting	12,757	3,935	266,852	283,544	160,687	150,055	594,286
Leased equipment	-	-	-	-	44,621	451	45,072
Student food services	1,818	548	-	2,366	468	-	2,834
Workshop/PD food	44,888	13,521	-	58,409	11,550	-	69,959
Insurance	49,205	14,821	-	64,026	12,659	-	76,685
Utilities	100,028	30,854	2,405	133,287	26,355	-	159,642
Rent	825,820	254,723	19,858	1,100,401	217,585	-	1,317,986
Postage and shipping	-	-	-	-	9,017	475	9,492
Classroom supplies	97,214	29,746	-	126,960	108	-	127,068
Instructional materials	152,196	46,573	-	198,769	-	-	198,769
Professional development	79,163	24,224	-	103,387	51,182	-	154,569
Repairs and maintenance	160,443	49,296	3,220	212,959	42,112	-	255,071
Office expense	3,555	1,071	-	4,626	55,756	43,350	103,732
Telephone and internet services	23,346	7,032	-	30,378	5,880	128	36,386
Information technology	95,785	28,851	-	124,636	24,119	525	149,280
Student transportation	53,247	16,294	-	69,541	-	-	69,541
Dues and subscriptions	54,562	16,434	-	70,996	14,039	-	85,035
Depreciation and amortization	216,498	65,211	-	281,709	55,703	-	337,412
Miscellaneous	823	248	-	1,071	221	-	1,292
Total Expenses	\$ 8,083,253	\$ 2,497,105	\$ 438,213	\$ 11,018,571	\$ 2,422,196	\$ 232,551	\$ 13,673,318

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (345,544)	\$ (570,508)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	377,127	337,412
Deferred rent	184,345	184,347
Changes in operating assets and liabilities		
Grants and contracts receivable	535,490	34,033
Prepaid expenses and other current assets	109,320	135,949
Accounts payable and accrued expenses	8,975	119,328
Accrued payroll and payroll taxes	190,071	70,078
Net Cash from Operating Activities	1,059,784	310,639
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(339,980)	(290,071)
Restricted cash	(75)	(76)
Net Cash from Investing Activities	(340,055)	(290,147)
 Net Change in Cash and Cash Equivalents	 719,729	 20,492
CASH AND CASH EQUIVALENTS		
Beginning of year	1,464,026	1,443,534
 End of year	 \$ 2,183,755	 \$ 1,464,026

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements
June 30, 2019 and 2018

1. Organization and Tax Status

Bedford Stuyvesant New Beginnings Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on January 12, 2010 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School renewed its charter for an additional five-year term expiring June 30, 2023. The School's mission is to provide an all-inclusive environment that promotes diverse learning for all students and promotes academic and civic achievements, ranging from the fundamentals of fine art, music, theatre, physical education, and technology. Classes commenced in Brooklyn, New York in September 2010 and the School provided education to approximately 703 students in kindergarten through eighth grade during the 2018-2019 academic year.

The New York City Department of Education provides transportation directly to some of the School's students. Such costs are not included in these financial statements. The School provides universal free lunch to all of the School's scholars.

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

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

On July 1, 2018, the School adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the School to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the School to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard, prior year amounts for unrestricted net assets were reclassified to net assets without donor restrictions.

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements
June 30, 2019 and 2018

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

Net Asset Presentation

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

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

Net assets with donor restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions as of June 30, 2019 and 2018.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase.

Restricted Cash

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

Property and Equipment

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

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements
June 30, 2019 and 2018

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

Property and Equipment (continued)

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

Computers and equipment	3 - 5 years
Furniture and fixtures	7 years
Software	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2019 and 2018.

Refundable Advances

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

Line of Credit

On April 23, 2012, the School entered into an unsecured \$50,000 line of credit agreement with Capital One Bank to provide working capital. The line has no expiration date and bears interest at the Wall Street Journal Prime Rate plus 5.75%. Interest is payable on a monthly basis. There were no outstanding balances under the line of credit as of June 30, 2019 and 2018.

Deferred Rent

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

Revenue and Support

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

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

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements
June 30, 2019 and 2018

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

In-Kind Donation

Donated goods are recorded at their estimated fair value when received. For the year ended June 30, 2019, the School received a donation of laptops for staff valued at \$1,374. For the year ended June 30, 2018, the School received a donation of computer tablets for students and mirrored wall decor valued at \$5,880.

Marketing and Recruiting

Marketing and recruiting costs are expensed as incurred for staff and student recruitment. Marketing and recruiting expense for the years ended June 30, 2019 and 2018 was \$113,105 and \$106,150.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2016.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 8, 2019.

3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, and city entitlements and grants. The School expects to collect these receivables within one year and has not provided an allowance for doubtful accounts.

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements
June 30, 2019 and 2018

4. Property and Equipment

Property and equipment consists of the following at June 30:

	2019	2018
Computers and equipment	\$ 981,453	\$ 900,644
Furniture and fixtures	469,621	408,380
Leasehold improvements	2,572,267	2,374,337
Software	<u>81,936</u>	<u>81,936</u>
	4,105,277	3,765,297
Accumulated depreciation and amortization	<u>(2,375,856)</u>	<u>(1,998,729)</u>
	<u>\$ 1,729,421</u>	<u>\$ 1,766,568</u>

5. Liquidity and Availability of Financial Assets

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

Financial assets at year end	
Cash and cash equivalents	\$ 2,183,755
Grants and contracts receivable	<u>57,694</u>
	<u>\$ 2,241,449</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in money market accounts and other liquid instruments until it is required for operational use. The School has a \$50,000 line of credit, which it could draw upon.

6. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k), for the benefit of its eligible employees. Under the plan, the School provided matching contributions ranging from 5% to 10% of the participant's annual compensation based on years of service. Employee match for the years ended June 30, 2019 and 2018 amounted to \$170,109 and \$143,793.

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements
June 30, 2019 and 2018

7. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2019 and 2018 approximately \$2,010,000 and \$1,289,000 of cash was maintained with an institution in excess of FDIC limits.

8. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2019 and 2018, the School received approximately 91% and 94% of total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

9. Commitment

On September 1, 2010, the School entered into a non-cancelable operating lease for office and classroom space expiring on June 30, 2030, with an option to renew the lease for an additional ten years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes, and other operating expenses. The School is receiving a partial rent credit for the first 10 years of the lease. The School outlined a detailed 10 year capital improvement plan of approximately \$4,900,000 for renovation projects to both the interior and exterior of the building.

Future minimum lease payments are as follows for the years ending June 30:

2020	\$ 1,133,640
2021	1,605,186
2022	1,605,186
2023	1,605,186
2024	1,605,186
Thereafter	<u>10,433,709</u>
	<u>\$ 17,988,093</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$1,318,050 and \$1,317,986.

10. Contingency

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

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

Independent Auditors' Report

**Board of Trustees
Bedford Stuyvesant New Beginnings Charter School**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bedford Stuyvesant New Beginnings Charter School (the "School"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2019.

Internal Control Over Financial Reporting

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

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

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

**Board of Trustees
Bedford Stuyvesant New Beginnings Charter School**

Compliance and Other Matters

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

PKF O'Connor Davies, LLP
Harrison, New York
October 8, 2019