

Bedford Stuyvesant New Beginnings Charter School

**Financial Statements and
Uniform Guidance Schedule
Together With Independent Auditors' Report**

June 30, 2021 and 2020

Bedford Stuyvesant New Beginnings Charter School

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

June 30, 2021 and 2020

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Independent Auditors' Report

Board of Trustees
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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 15 as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 19, 2021

Bedford Stuyvesant New Beginnings Charter School

Statements of Financial Position

	June 30,	
	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 4,290,182	\$ 4,333,324
Grants and contracts receivable	887,275	377,073
Prepaid expenses and other current assets	<u>20,036</u>	<u>72,812</u>
Total Current Assets	5,197,493	4,783,209
Property and equipment, net	1,773,403	1,768,282
Restricted cash	75,615	75,540
Security deposits	<u>79,845</u>	<u>79,845</u>
	<u>\$ 7,126,356</u>	<u>\$ 6,706,876</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 347,767	\$ 180,798
Accrued payroll and payroll taxes	601,699	684,149
Deferred rent, current portion	287,200	287,200
Refundable advances	<u>3,080</u>	<u>3,036</u>
Total Current Liabilities	1,239,746	1,155,183
Deferred rent	3,100,194	3,387,394
Paycheck Protection Program loan payable	<u>1,985,589</u>	<u>1,985,589</u>
Total Liabilities	6,325,529	6,528,166
Net assets, without donor restrictions	<u>800,827</u>	<u>178,710</u>
	<u>\$ 7,126,356</u>	<u>\$ 6,706,876</u>

Bedford Stuyvesant New Beginnings Charter School

Statements of Activities

	Year Ended June 30,	
	<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT		
State and local per pupil operating revenue	\$ 14,014,240	\$ 13,648,901
State and local per pupil facilities funding	768,013	764,807
Federal grants	1,302,196	312,023
Federal E-Rate and IDEA	138,877	155,612
State and city grants	341,513	340,581
Contributions and private grants	30,030	30,988
After school program	-	34,763
Other income	11,472	32,756
Total Revenue and Support	<u>16,606,341</u>	<u>15,320,431</u>
EXPENSES		
Program Services		
Regular education	9,978,594	9,397,938
Special education	2,989,039	2,688,958
Supplementary education	340,923	355,965
Total Program Services	<u>13,308,556</u>	<u>12,442,861</u>
Supporting Services		
Management and general	2,665,267	2,526,299
Fundraising	10,401	10,642
Total Expenses	<u>15,984,224</u>	<u>14,979,802</u>
Change in Net Assets	622,117	340,629
NET ASSETS (DEFICIT)		
Beginning of year	<u>178,710</u>	<u>(161,919)</u>
End of year	<u>\$ 800,827</u>	<u>\$ 178,710</u>

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Management and		Total
	Regular Education	Special Education	Supplementary Education	General	Fundraising	
Salaries and wages	\$ 5,782,353	\$ 1,737,888	\$ 71,056	\$ 1,305,424	\$ 7,162	\$ 8,903,883
Employee benefits and payroll taxes	1,504,781	452,262	18,491	341,585	-	2,317,119
Audit and accounting fees	-	-	-	38,500	-	38,500
Legal fees	-	-	-	1,863	-	1,863
Marketing and recruiting	29,534	11,839	-	15,174	-	56,547
Financial management services	-	-	-	86,120	-	86,120
Contractual services	608	183	7	138	-	936
Consulting	94,874	28,634	236,751	214,666	-	574,925
Leased equipment	-	-	-	35,697	-	35,697
Student food services	316,850	94,073	-	71,052	-	481,975
Workshop/staff food services	39,690	11,784	-	8,900	-	60,374
Insurance	118,677	35,235	-	26,612	-	180,524
Utilities	128,854	38,727	1,583	29,251	-	198,415
Rent	868,914	261,152	10,678	197,242	-	1,337,986
Postage and shipping	-	-	-	10,332	-	10,332
Classroom supplies	119,776	33,823	-	19	-	153,618
Instructional materials	67,099	18,947	-	-	-	86,046
Professional development	51,556	14,558	-	20,098	-	86,212
Repairs and maintenance	381,155	113,865	2,357	86,000	-	583,377
Office expense	28,999	4,019	-	77,343	3,239	113,600
Telephone and internet services	35,286	10,476	-	7,913	-	53,675
Information technology	101,030	29,996	-	22,655	-	153,681
Student transportation	2,254	637	-	-	-	2,891
Dues and subscriptions	39,064	11,598	-	8,761	-	59,423
Depreciation and amortization	252,613	75,001	-	56,646	-	384,260
Interest	14,006	4,158	-	3,141	-	21,305
Miscellaneous	621	184	-	135	-	940
Total Expenses	\$ 9,978,594	\$ 2,989,039	\$ 340,923	\$ 2,665,267	\$ 10,401	\$ 15,984,224

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Total	Management and General		Fundraising	Total
	Regular Education	Special Education	Supplementary Education		General			
Salaries and wages	\$ 5,754,367	\$ 1,665,140	\$ 118,093	\$ 7,537,600	\$ 1,318,581	\$ 7,008	\$ 8,863,189	
Employee benefits and payroll taxes	1,463,217	423,411	30,029	1,916,657	337,070	-	2,253,727	
Audit and accounting fees	-	-	-	-	19,500	-	19,500	
Legal fees	-	-	-	-	2,392	-	2,392	
Marketing and recruiting	41,197	13,213	-	54,410	14,397	-	68,807	
Financial management services	-	-	-	-	56,994	-	56,994	
Contractual services	676	196	14	886	156	-	1,042	
Consulting	52,074	15,219	184,964	252,257	224,646	-	476,903	
Leased equipment	-	-	-	-	42,084	-	42,084	
Student food services	25,075	7,110	-	32,185	5,660	-	37,845	
Workshop/staff food services	22,380	6,346	-	28,726	5,052	-	33,778	
Insurance	72,199	20,472	-	92,671	16,297	-	108,968	
Utilities	95,409	27,608	1,958	124,975	21,979	-	146,954	
Rent	855,694	247,612	17,561	1,120,867	197,119	-	1,317,986	
Postage and shipping	-	-	-	-	8,427	-	8,427	
Classroom supplies	136,232	31,191	-	167,423	-	-	167,423	
Instructional materials	121,599	27,841	-	149,440	-	-	149,440	
Professional development	71,991	16,483	-	88,474	55,165	-	143,639	
Repairs and maintenance	211,271	60,855	3,346	275,472	48,444	-	323,916	
Office expense	31,536	2,804	-	34,340	61,274	3,634	99,248	
Telephone and internet services	33,703	9,556	-	43,259	7,608	-	50,867	
Information technology	97,043	27,517	-	124,560	21,906	-	146,466	
Student transportation	39,605	9,068	-	48,673	-	-	48,673	
Dues and subscriptions	46,852	13,285	-	60,137	10,576	-	70,713	
Depreciation and amortization	223,253	63,304	-	286,557	50,395	-	336,952	
Interest	2,179	618	-	2,797	491	-	3,288	
Miscellaneous	386	109	-	495	86	-	581	
Total Expenses	\$ 9,397,938	\$ 2,688,958	\$ 355,965	\$ 12,442,861	\$ 2,526,299	\$ 10,642	\$ 14,979,802	

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statements of Cash Flows

	Year Ended June 30,	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 622,117	\$ 340,629
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	384,260	336,952
Deferred rent	(287,200)	184,346
Changes in operating assets and liabilities		
Grants and contracts receivable	(510,202)	(319,379)
Prepaid expenses and other current assets	52,776	(34,323)
Accounts payable and accrued expenses	166,969	(10,678)
Accrued payroll and payroll taxes	(82,450)	39,330
Refundable advances	44	2,992
Net Cash from Operating Activities	<u>346,314</u>	<u>539,869</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment	(389,381)	(375,813)
CASH FLOWS FROM FINANCING ACTIVITY		
Paycheck Protection Program loan proceeds	<u>-</u>	<u>1,985,589</u>
Net Change in Cash and Restricted Cash	(43,067)	2,149,645
CASH AND RESTRICTED CASH		
Beginning of year	<u>4,408,864</u>	<u>2,259,219</u>
End of year	<u>\$ 4,365,797</u>	<u>\$ 4,408,864</u>

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements June 30, 2021 and 2020

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 (the "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. At the School, families, educators and community members will join together to create a supportive and rigorous academic environment for all students. Through the pursuit of 21st-century learning, project-based and service learning, and traditional coursework, students will be prepared to succeed in academically competitive schools as well as become responsible citizens of the global community. Classes commenced in Brooklyn, New York in September 2010 and the School provided education to approximately 714 students in kindergarten through eighth grade during the 2020-2021 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.

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.

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements June 30, 2021 and 2020

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

Net Asset Presentation (continued)

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, 2021 and 2020.

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.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows as of June 30:

	2021	2020
Cash	\$ 4,290,182	\$ 4,333,324
Restricted cash	<u>75,615</u>	<u>75,540</u>
	<u>\$ 4,365,797</u>	<u>\$ 4,408,864</u>

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.

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

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

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, 2021 and 2020.

Refundable Advances

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

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 statements 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.

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, 2021 and 2020 was \$56,547 and \$68,807.

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.

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements
June 30, 2021 and 2020

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

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only 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, 2018.

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 19, 2021.

3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year and has not provided an allowance for doubtful accounts. Management has assessed the need for an allowance and has determined that such allowance is not necessary.

4. Property and Equipment

Property and equipment consists of the following at June 30:

	2021	2020
Computers and equipment	\$ 1,325,782	\$ 1,112,498
Furniture and fixtures	502,187	487,302
Leasehold improvements	2,960,566	2,799,354
Software	81,936	81,936
	<u>4,870,471</u>	<u>4,481,090</u>
Accumulated depreciation and amortization	<u>(3,097,068)</u>	<u>(2,712,808)</u>
	<u>\$ 1,773,403</u>	<u>\$ 1,768,282</u>

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements June 30, 2021 and 2020

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 statements of financial position dates, are comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 4,290,182	\$ 4,333,324
Grants and contracts receivable	<u>887,275</u>	<u>377,073</u>
	<u>\$ 5,177,457</u>	<u>\$ 4,710,397</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. Paycheck Protection Program Loan Payable

On May 15, 2020, the School received a loan under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in the amount of \$1,985,589. In accordance with the requirements under the CARES Act, the loan may be forgiven based on the associated spending in accordance with regulations under the CARES Act. For amounts under the loan that are not forgiven, these amounts are due two years from the date of the loan and interest would accrue on the unforgiven loan balance at 1% per year. The debt forgiveness will be recognized at the time that the financial institution that issued the loan has reviewed and approved the associated spending and determined the forgivable portion. The School applied for full forgiveness of the PPP loan with respect to covered expenses.

On July 27, 2021, the PPP loan was forgiven in full by the U.S. Small Business Administration and will be recognized as a gain on forgiveness of PPP loan for the fiscal year ending June 30, 2022.

7. 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, 2021 and 2020.

8. 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, 2021 and 2020 amounted to \$255,616 and \$206,157.

Bedford Stuyvesant New Beginnings Charter School

Notes to Financial Statements June 30, 2021 and 2020

9. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash 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, 2021 and 2020 approximately \$4,115,000 and \$4,160,000 of cash was maintained with an institution in excess of FDIC limits.

10. 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, 2021 and 2020, the School received approximately 89% 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.

11. 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.

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

2022	\$ 1,605,186
2023	1,605,186
2024	1,605,186
2025	1,605,186
2026	1,765,705
Thereafter	<u>7,062,818</u>
	<u>\$ 15,249,267</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$1,337,986 and \$1,317,986.

12. 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.

Bedford Stuyvesant New Beginnings Charter School

**Notes to Financial Statements
June 30, 2021 and 2020**

13. Risks and Uncertainties

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

Bedford Stuyvesant New Beginnings Charter School

Uniform Guidance
Schedules and Reports

June 30, 2021

Bedford Stuyvesant New Beginnings Charter School

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

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Pass-through the New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021-21-4725	\$ -	\$ 368,491
Higher Education Institutional Aid	84.031	0293-21-4725	-	12,000
COVID-19 - Charter Schools	84.282	Not Available	-	49,949
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-4725	-	47,344
Student Support and Academic Enrichment Program	84.424	0204-21-4725	-	26,209
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-4725	-	<u>254,002</u>
Total U.S. Department of Education			-	<u>757,995</u>
<u>U.S. Department of Agriculture</u>				
Pass-through the New York State Education Department:				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	Not Available	-	544,201
Total U.S. Department of Agriculture			-	<u>544,201</u>
Total Expenditures of Federal Awards			\$ -	<u>\$ 1,302,196</u>

Bedford Stuyvesant New Beginnings Charter School

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Bedford Stuyvesant New Beginnings Charter School (the "School") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass through entity identifying numbers are presented when available.

3. Indirect Cost Rate

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

Independent Auditors' Report

**Board of Trustees
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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
October 19, 2021



Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

Board of Trustees Bedford Stuyvesant New Beginnings Charter School

Report on Compliance for Each Major Federal Program

We have audited Bedford Stuyvesant New Beginnings Charter School's (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
October 19, 2021

Bedford Stuyvesant New Beginnings Charter School

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

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported
Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported
Type of auditors' report issued on compliance for major federal programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000
Auditee qualified as low-risk auditee? ___yes X no

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

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

Section IV – Prior Year Findings

Not applicable. The School was not subject to the Uniform Guidance for the year ended June 30, 2020.

Board of Trustees
Bedford Stuyvesant New Beginnings Charter School

Auditors' Communication on Internal Control

In planning and performing our audit of the financial statements of Bedford Stuyvesant Charter School (the "School") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting ("internal control") as a basis for designing 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the audit committee, the Board of Trustees, the Department of Education of the City of New York, the State Education Department of the State University of New York, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP

Harrison, New York
October 19, 2021