

Launch Expeditionary Learning Charter School

Financial Statements

June 30, 2021 and 2020

Independent Auditors' Report

Board of Trustees Launch Expeditionary Learning Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Launch Expeditionary Learning 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 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
September 23, 2021

Launch Expeditionary Learning Charter School

Statements of Financial Position

	June 30,	
	2021	2020
ASSETS		
Current Assets		
Cash	\$ 2,511,787	\$ 2,122,663
Grants and contracts receivable	283,464	177,222
Prepaid expenses and other current assets	120,355	56,976
Total Current Assets	2,915,606	2,356,861
Property and equipment, net	274,852	339,157
Restricted cash	75,528	75,477
	\$ 3,265,986	\$ 2,771,495
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 151,250	\$ 96,427
Accrued payroll and payroll taxes	399,446	400,252
Total Liabilities	550,696	496,679
Net Assets		
Without donor restrictions	2,431,011	2,224,816
With donor restrictions	284,279	50,000
Total Net Assets	2,715,290	2,274,816
	\$ 3,265,986	\$ 2,771,495

See notes to financial statements

Launch Expeditionary Learning Charter School

Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State and local per pupil operating revenue	\$ 5,909,898	\$ -	\$ 5,909,898
Federal grants	416,587	-	416,587
State and city grants	23,726	-	23,726
Contributions and grants	9,724	586,000	595,724
Interest and other income	2,472	-	2,472
Net assets released from restrictions	351,721	(351,721)	-
Total Revenue and Support	6,714,128	234,279	6,948,407
EXPENSES			
Program Services			
Regular education	3,557,313	-	3,557,313
Special education	2,268,497	-	2,268,497
Total Program Services	5,825,810	-	5,825,810
Supporting Services			
Management and general	536,364	-	536,364
Fundraising	145,759	-	145,759
Total Expenses	6,507,933	-	6,507,933
Change in Net Assets	206,195	234,279	440,474
NET ASSETS			
Beginning of year	2,224,816	50,000	2,274,816
End of year	\$ 2,431,011	\$ 284,279	\$ 2,715,290

See notes to financial statements

Launch Expeditionary Learning Charter School

Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State and local per pupil operating revenue	\$ 5,876,779	\$ -	\$ 5,876,779
Federal grants	252,149	-	252,149
State and city grants	23,744	-	23,744
Contributions and grants	76,204	50,000	126,204
Interest and other income	6,216	-	6,216
Total Revenue and Support	6,235,092	50,000	6,285,092
EXPENSES			
Program Services			
Regular education	3,435,212	-	3,435,212
Special education	2,135,442	-	2,135,442
Total Program Services	5,570,654	-	5,570,654
Supporting Services			
Management and general	632,537	-	632,537
Fundraising	120,047	-	120,047
Total Expenses	6,323,238	-	6,323,238
Change in Net Assets	(88,146)	50,000	(38,146)
NET ASSETS			
Beginning of year	2,312,962	-	2,312,962
End of year	\$ 2,224,816	\$ 50,000	\$ 2,274,816

See notes to financial statements

Launch Expeditionary Learning Charter School

Statement of Functional Expenses
Year Ended June 30, 2021

	No. of Positions	Program Services			Support Services		
		Regular Education	Special Education	Total	Management and General	Fundraising	Total
Personnel Service Costs							
Administrative staff personnel	10	\$ 408,114	\$ 263,846	\$ 671,960	\$ 243,078	\$ 75,965	\$ 991,003
Instructional personnel	30	1,257,594	1,004,165	2,261,759	-	-	2,261,759
Non-instructional personnel	12	430,668	155,861	586,529	6,424	25,697	618,650
Total Salaries and Staff	52	2,096,376	1,423,872	3,520,248	249,502	101,662	3,871,412
Fringe benefits and payroll taxes		470,024	316,052	786,076	57,166	21,413	864,655
Retirement		21,680	14,578	36,258	2,637	988	39,883
Audit services		-	-	-	26,500	-	26,500
Other purchased / professional / consulting services		382,308	228,526	610,834	157,575	13,229	781,638
Repairs and maintenance		9,720	3,517	13,237	-	-	13,237
Insurance		31,191	13,552	44,743	689	262	45,694
Supplies / materials		156,099	59,118	215,217	799	304	216,320
Equipment / furnishings		53,040	19,196	72,236	-	-	72,236
Staff development		26,405	17,880	44,285	2,534	965	47,784
Marketing / recruitment		54,411	20,968	75,379	388	148	75,915
Technology		63,759	33,349	97,108	3,128	1,191	101,427
Student services		39,124	14,159	53,283	-	-	53,283
Office expense		56,845	38,495	95,340	5,597	2,077	103,014
Depreciation / amortization		94,069	63,704	157,773	9,029	3,437	170,239
Loss on disposal of property and equipment		2,262	1,531	3,793	217	83	4,093
Other		-	-	-	20,603	-	20,603
Total Expenses		\$ 3,557,313	\$ 2,268,497	\$ 5,825,810	\$ 536,364	\$ 145,759	\$ 6,507,933

See notes to financial statements

Launch Expeditionary Learning Charter School

Statement of Functional Expenses
Year Ended June 30, 2020

	No. of Positions	Program Services			Support Services		
		Regular Education	Special Education	Total	Management and General	Fundraising	Total
Personnel Service Costs							
Administrative staff personnel	15	\$ 617,727	\$ 332,642	\$ 950,369	\$ 354,735	\$ 71,361	\$ 1,376,465
Instructional personnel	34	1,344,359	1,035,352	2,379,711	-	-	2,379,711
Non-instructional personnel	6	252,728	88,394	341,122	4,172	16,686	361,980
Total Salaries and Staff	55	2,214,814	1,456,388	3,671,202	358,907	88,047	4,118,156
Fringe benefits and payroll taxes		480,221	314,000	794,221	80,336	19,712	894,269
Retirement		7,351	4,806	12,157	1,230	302	13,689
Audit services		-	-	-	26,000	-	26,000
Other purchased / professional / consulting services		194,769	93,272	288,041	134,819	3,395	426,255
Repairs and maintenance		3,959	1,385	5,344	-	-	5,344
Insurance		28,527	11,990	40,517	779	219	41,515
Supplies / materials		117,906	44,254	162,160	1,167	329	163,656
Equipment / furnishings		25,420	8,891	34,311	-	-	34,311
Staff development		38,230	25,197	63,427	4,578	1,290	69,295
Marketing / recruitment		50,060	18,175	68,235	258	73	68,566
Technology		53,944	26,646	80,590	3,011	848	84,449
Student services		47,113	16,478	63,591	-	-	63,591
Office expense		32,025	21,108	53,133	4,057	1,080	58,270
Depreciation / amortization		138,784	91,475	230,259	16,621	4,682	251,562
Loss on disposal of property and equipment		2,089	1,377	3,466	250	70	3,786
Other		-	-	-	524	-	524
Total Expenses		\$ 3,435,212	\$ 2,135,442	\$ 5,570,654	\$ 632,537	\$ 120,047	\$ 6,323,238

See notes to financial statements

Launch Expeditionary Learning Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 440,474	\$ (38,146)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	170,239	251,562
Loss on disposal of property and equipment	4,093	3,786
Changes in operating assets and liabilities		
Grants and contracts receivable	(106,242)	(55,254)
Prepaid expenses and other current assets	(63,379)	31,912
Accounts payable and accrued expenses	54,823	(15,480)
Accrued payroll and payroll taxes	(806)	110,523
Refundable advances	-	(15,680)
Net Cash from Operating Activities	499,202	273,223
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property and equipment	(110,027)	(94,541)
Net Change in Cash and Restricted Cash	389,175	178,682
CASH AND RESTRICTED CASH		
Beginning of year	2,198,140	2,019,458
End of year	\$ 2,587,315	\$ 2,198,140

See notes to financial statements

Launch Expeditionary Learning Charter School

Notes to Financial Statements
June 30, 2021 and 2020

1. Organization and Tax Status

Launch Expeditionary Learning 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 December 14, 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 “Board of Regents”). The Board of Regents approved and issued several renewals to the School’s Charter expiring on June 30, 2022. The School was created to offer a world-class education to students and families living in Bedford-Stuyvesant, Crown Heights and the surrounding communities in Brooklyn, NY. Through its partnership with NYC Outward Bound Schools, the School is part of the Expeditionary Learning network of over 160 member schools nationwide. Its mission is to prepare students in under-resourced communities to thrive in college and careers by providing a public education rooted in active learning experiences and powerful character development. During the 2020-2021 academic year, the School provided education to approximately 283 students in the sixth through eighth grades.

The School has an agreement with the New York City Department of Education (“NYCDOE”) to share public school space at no annual cost. The School occupies approximately 14,000 square feet on one floor of a public school building. The School also shares the gymnasium, auditorium and cafeteria with the public school which approximates 6,809 square feet. The School is not responsible for rent, utilities, custodial services, and school safety services other than those required for days and times the School operates outside of the traditional NYCDOE schedule. The School was unable to determine a value for the contributed space and related services and did not record any value for use of donated facilities or services.

The New York City Department of Education provides free lunches directly to some of the School’s students. Such costs are not included in these financial statements. The School covers the cost of lunches for children not entitled to the free lunches.

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.

Launch Expeditionary Learning Charter School

Notes to Financial Statements
June 30, 2021 and 2020

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.

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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,511,787	\$ 2,122,663
Restricted cash	<u>75,528</u>	<u>75,477</u>
	<u>\$ 2,587,315</u>	<u>\$ 2,198,140</u>

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$2,000 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 it is expensed as incurred.

Launch Expeditionary Learning Charter School

Notes to Financial Statements
June 30, 2021 and 2020

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	4 years
Equipment	5 years
Furniture and fixtures	5 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. No impairment losses were recognized 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.

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 Recruitment

Marketing and recruitment costs are expensed as incurred for staff and student recruitment. Marketing and recruitment expense for the years ended June 30, 2021 and 2020 was \$75,915 and \$68,566.

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.

Launch Expeditionary Learning 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 September 23, 2021.

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 in full within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

4. Conditional Promise to Give

On May 7, 2021, the School received one conditional grant in the amount of \$1,000,000, which contains donor conditions related to a milestone. Since this grant represents a conditional promise to give, it will not be recorded as grant revenue until donor conditions are met. For the year ended June 30, 2021, revenue of \$500,000 was recognized under this grant. At June 30, 2021, the remaining balance of this conditional promise to give was \$500,000.

5. Property and Equipment

Property and equipment, net consists of the following at June 30:

	2021	2020
Computers	\$ 247,570	\$ 215,202
Equipment	167,603	167,603
Furniture and fixtures	363,877	359,844
Software	7,785	7,785
Leasehold improvements	964,468	964,468
	1,751,303	1,714,902
Accumulated depreciation and amortization	(1,476,451)	(1,375,745)
	<u>\$ 274,852</u>	<u>\$ 339,157</u>

Launch Expeditionary Learning Charter School

Notes to Financial Statements
June 30, 2021 and 2020

5. Property and Equipment *(continued)*

Assets with a cost basis of \$73,626 and accumulated depreciation of \$69,533 were disposed of during the year ended June 30, 2021. Assets with a cost basis of \$24,713 and accumulated depreciation of \$20,927 were disposed of during the year ended June 30, 2020. Loss on disposal of property and equipment was \$4,093 and \$3,786 for the years ended June 30, 2021 and 2020.

6. 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 at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,511,787	\$ 2,122,663
Grants and contracts receivable	<u>283,464</u>	<u>177,222</u>
	2,795,251	2,299,885
Less amounts unavailable for general expenditures:		
Net assets with donor restrictions	<u>(284,279)</u>	<u>(50,000)</u>
	<u>\$ 2,510,972</u>	<u>\$ 2,249,885</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 invested in highly liquid instruments.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 consist of grants restricted for the Floyd Bennett Field Capital Campaign and an environmental assessment at Floyd Bennett Field.

Net assets with donor restrictions were released as follows for the year ended June 30, 2021:

Floyd Bennett Field Capital Campaign	\$ 301,721
Pod Leader Program	<u>50,000</u>
	<u>\$ 351,721</u>

Launch Expeditionary Learning Charter School

Notes to Financial Statements
June 30, 2021 and 2020

8. 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 \$2,333,000 and \$1,948,000 of cash was maintained with an institution in excess of FDIC limits.

9. 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 85% and 94% of its 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.

10. Employment Contract

The School entered into a co-employment arrangement with TriNet Group, Inc. ("TriNet"), a professional employment organization, effective May 1, 2013. Under the co-employment arrangement, TriNet assumes certain employment responsibilities, including the payment and reporting employees' wages and payroll taxes.

11. Employee Benefit Plan

For the benefit of its employees, the School participates in a multiple employer defined contribution 401(k) plan, through its professional employment organization partner, TriNet Group, Inc. (see Note 10). Under the 401(k) plan, all employees of the School can elect to make semi-monthly contributions to a personal retirement account. The School will make matching contributions to any employee contributions, dollar for dollar, up to \$1,500 per employee per calendar year. For the years ended June 30, 2021 and 2020, all employees were eligible to participate in the 401(k) plan and all employees were eligible for the employer match. Employer match for the years ended June 30, 2021 and 2020 was \$39,883 and \$13,689.

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.

Launch Expeditionary Learning 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 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.

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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
Launch Expeditionary Learning 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 Launch Expeditionary Learning 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 September 23, 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
September 23, 2021