

International Charter School of New York

Financial Statements

June 30, 2021 and 2020

Independent Auditors' Report

Board of Trustees
International Charter School of New York

Report on the Financial Statements

We have audited the accompanying financial statements of International Charter School of New York (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.

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 audit. We conducted our audit 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 the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 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.

Prior Year Financial Statements

The financial statements of the School as of June 30, 2020 were audited by other auditors whose report dated October 16, 2020, expressed an unmodified opinion on those statements.

PKF O'Connor Davies, LLP

Harrison, New York
October 29, 2021

International Charter School of New York

Statements of Financial Position

	June 30,	
	2021	2020
ASSETS		
Current Assets		
Cash	\$ 4,060,931	\$ 2,715,117
Grants and contracts receivable	72,728	143,192
Due from related party	-	111,311
Prepaid expenses and other current assets	254,233	51,895
Total Current Assets	4,387,892	3,021,515
Property and equipment, net	151,054	399,010
Security deposits	182,195	674,695
Restricted cash	75,000	75,000
	\$ 4,796,141	\$ 4,170,220
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 67,193	\$ 59,441
Accrued payroll and payroll taxes	379,311	397,166
Refundable advances	14,043	5,652
Deferred rent	998	95,031
Total Current Liabilities	461,545	557,290
Paycheck Protection Program Loan payable	-	855,827
Total Liabilities	461,545	1,413,117
Net assets, without donor restrictions	4,334,596	2,757,103
	\$ 4,796,141	\$ 4,170,220

See notes to financial statements

International Charter School of New York

Statements of Activities

	Year Ended June 30,	
	2021	2020
OPERATING REVENUE		
State and local per pupil operating revenue		
General and special education	\$ 7,457,050	\$ 7,533,592
Facilities	2,010,206	2,019,702
Federal grants	168,349	130,863
State grants	35,086	38,761
Total Operating Revenue	9,670,691	9,722,918
EXPENSES		
Program Services		
Regular education	5,858,461	5,084,193
Special education	2,007,201	2,607,687
Total Program Services	7,865,662	7,691,880
Supporting Services		
Management and general	1,370,708	1,436,170
Fundraising	79,153	63,872
Total Expenses	9,315,523	9,191,922
Surplus from Operations	355,168	530,996
SUPPORT AND OTHER INCOME (LOSS)		
Contributions and other income	365,985	112,393
Interest income	513	16,103
Gain on forgiveness of Paycheck Protection Program Loan	855,827	-
(Loss) on cancellation of construction in progress	-	(109,086)
Total Support and Other Income	1,222,325	19,410
Change in Net Assets	1,577,493	550,406
NET ASSETS		
Beginning of year	2,757,103	2,206,697
End of year	\$ 4,334,596	\$ 2,757,103

See notes to financial statements

International Charter School of New York

Statement of Functional Expenses
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Fundraising	Total
		Regular Education	Special Education	Total			
Personnel Services Costs							
Administrative staff personnel	15	\$ 612,197	\$ 162,047	\$ 774,244	\$ 586,836	\$ 38,572	\$ 1,399,652
Instructional personnel	45	2,021,172	790,804	2,811,976	-	-	2,811,976
Non-instructional personnel	4	11,782	5,891	17,673	5,892	-	23,565
Total Salaries and Staff	<u>64</u>	<u>2,645,151</u>	<u>958,742</u>	<u>3,603,893</u>	<u>592,728</u>	<u>38,572</u>	<u>4,235,193</u>
Payroll taxes and employee benefits		970,125	351,625	1,321,750	217,387	14,146	1,553,283
Legal services		-	-	-	48,702	-	48,702
Accounting and audit services		-	-	-	75,721	-	75,721
Other purchased, professional and consulting services		285,318	13,414	298,732	29,950	-	328,682
Building lease and rent		1,429,583	518,156	1,947,739	320,343	20,846	2,288,928
Repairs and maintenance		11,963	4,336	16,299	2,681	174	19,154
Insurance		32,870	11,914	44,784	7,365	479	52,628
Supplies and materials		130,410	14,852	145,262	381	25	145,668
Equipment and furnishings		19,327	7,005	26,332	4,332	282	30,946
Staff development		18,896	14,273	33,169	1,664	108	34,941
Marketing and recruitment		3,267	544	3,811	163	11	3,985
Technology		81,184	29,425	110,609	18,192	1,184	129,985
Student services		2,310	255	2,565	-	-	2,565
Office expense		41,850	15,169	57,019	9,378	610	67,007
Depreciation and amortization		173,759	62,979	236,738	38,934	2,534	278,206
Other		12,448	4,512	16,960	2,787	182	19,929
Total Expenses		<u>\$ 5,858,461</u>	<u>\$ 2,007,201</u>	<u>\$ 7,865,662</u>	<u>\$ 1,370,708</u>	<u>\$ 79,153</u>	<u>\$ 9,315,523</u>

See notes to financial statements

International Charter School of New York

Statement of Functional Expenses
Year Ended June 30, 2020

	No. of Positions	Program Services			Management and General	Fundraising	Total
		Regular Education	Special Education	Total			
Personnel Services Costs							
Administrative staff personnel	14	\$ 417,042	\$ 169,634	\$ 586,676	\$ 593,557	\$ 30,000	\$ 1,210,233
Instructional personnel	44	1,719,903	997,229	2,717,132	-	-	2,717,132
Non-instructional personnel	<u>3</u>	<u>20,324</u>	<u>10,162</u>	<u>30,486</u>	<u>10,162</u>	<u>-</u>	<u>40,648</u>
Total Salaries and Staff	<u><u>61</u></u>	<u>2,157,269</u>	<u>1,177,025</u>	<u>3,334,294</u>	<u>603,719</u>	<u>30,000</u>	<u>3,968,013</u>
Payroll taxes and employee benefits		551,443	300,872	852,315	154,323	7,669	1,014,307
Legal services		-	-	-	32,365	-	32,365
Accounting and audit services		-	-	-	25,106	-	25,106
Other purchased, professional and consulting services		185,753	39,466	225,219	93,351	-	318,570
Building lease and rent		1,399,236	763,435	2,162,671	391,581	19,458	2,573,710
Repairs and maintenance		25,776	14,064	39,840	7,214	358	47,412
Insurance		20,957	11,435	32,392	5,865	291	38,548
Supplies and materials		158,057	31,318	189,375	212	11	189,598
Equipment and furnishings		25,302	13,805	39,107	7,081	352	46,540
Staff development		30,781	13,868	44,649	2,756	137	47,542
Marketing and recruitment		35,994	13,826	49,820	5,627	280	55,727
Technology		49,034	26,753	75,787	13,722	682	90,191
Student services		111,392	20,022	131,414	-	-	131,414
Office expense		34,268	18,697	52,965	9,590	477	63,032
Depreciation and amortization		297,795	162,479	460,274	83,339	4,141	547,754
Other		<u>1,136</u>	<u>622</u>	<u>1,758</u>	<u>319</u>	<u>16</u>	<u>2,093</u>
Total Expenses		<u><u>\$ 5,084,193</u></u>	<u><u>\$ 2,607,687</u></u>	<u><u>\$ 7,691,880</u></u>	<u><u>\$ 1,436,170</u></u>	<u><u>\$ 63,872</u></u>	<u><u>\$ 9,191,922</u></u>

See notes to financial statements

International Charter School of New York

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,577,493	\$ 550,406
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	278,206	547,754
Deferred rent	(94,033)	95,031
(Gain) on forgiveness on Paycheck Protection Program Loan	(855,827)	-
Loss on cancellation of construction in progress	-	109,086
Changes in operating assets and liabilities		
Grants and contracts receivable	70,464	(101,313)
Due from related party	111,311	(111,311)
Prepaid expenses and other current assets	(202,338)	(13,291)
Security deposits	492,500	7,500
Accounts payable and accrued expenses	7,752	(318,694)
Accrued payroll and payroll taxes	(17,855)	76,798
Refundable advances	8,391	3,628
Net Cash from Operating Activities	1,376,064	845,594
CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment	(30,250)	(358,525)
CASH FLOWS FROM INVESTING ACTIVITY		
Proceeds from Paycheck Protection Program Loan	-	855,827
Net Change in Cash and Restricted Cash	1,345,814	1,342,896
CASH AND RESTRICTED CASH		
Beginning of year	2,790,117	1,447,221
End of year	\$ 4,135,931	\$ 2,790,117

See notes to financial statements

International Charter School of New York

Notes to Financial Statements
June 30, 2021 and 2020

1. Organization and Tax Status

International Charter School of New York (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 October 16, 2014 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 renewed the School's charter for an additional term expiring on July 30, 2023. The School is an elementary school located in Brooklyn, New York and provided education to approximately 415 students in grades kindergarten through fifth during the 2020-2021 academic year.

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

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.

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 classified 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 at June 30, 2021 and 2020.

International Charter School of New York

Notes to Financial Statements
June 30, 2021 and 2020

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

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 the year ended June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 4,060,931	\$ 2,715,117
Restricted cash	<u>75,000</u>	<u>75,000</u>
	<u>\$ 4,135,931</u>	<u>\$ 2,790,117</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.

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

Furniture, fixtures, and equipment	5 years
Computers	3 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, 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.

International Charter School of New York

Notes to Financial Statements
June 30, 2021 and 2020

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

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 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 \$3,985 and \$55,727.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities include revenue and support from non-governmental and other sources that include contributions revenue, gain on forgiveness of Paycheck Protection Program loan, return on investments and other activities considered to be a more non-recurring nature.

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.

International Charter School of New York

Notes to Financial Statements
June 30, 2021 and 2020

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

Reclassifications

Certain 2020 accounts have been reclassified to conform to the 2021 financial statement presentation.

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 29, 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 no allowance for doubtful accounts has been provided.

4. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures and equipment	348,667	346,102
Computers	92,682	73,418
Software	5,500	3,000
Leasehold improvements	<u>818,993</u>	<u>813,072</u>
	1,265,842	1,235,592
Accumulated depreciation and amortization	<u>(1,114,788)</u>	<u>(836,582)</u>
	<u>\$ 151,054</u>	<u>\$ 399,010</u>

International Charter School of New York

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 statement of financial position date, are comprised of the following at June 30:

	2021	2020
Cash	\$ 4,060,931	\$ 2,715,117
Grants and contracts receivable	72,728	143,192
Due from related party	<u>-</u>	<u>111,311</u>
	<u>\$ 4,133,659</u>	<u>\$ 2,969,620</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 debt instrument until it is required for operational use. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (See Note 9).

6. Related Party Transaction (not disclosed elsewhere)

Friends of International Charter School of New York ("Friends of ICSNY") is a not-for-profit organization dedicated to providing assistance to charter schools and other forms of alternative education including, but not limited to the International Charter School of New York. The School has entered into a sublease agreements with Friends of ICSNY (see note 10).

At June 30, 2021 and 2020, the outstanding balance due from Friends of ICSNY was \$0 and \$111,311.

7. Construction in Progress

On December 27, 2018, Friends of ICSNY entered into a 30-year lease agreement with 30 Clinton LLC c/o Barone Management (the Landlord"). The anticipated occupancy date was scheduled to be on July 1, 2021.

Friends of ICSNY hired an architect to advise the School's management on the Landlord's proposed plans, in such detail as the Landlord required for the development of construction plans for the Landlord's work. Friends of ICSNY retained the School's existing law firm to represent them in the lease negotiations.

At June 30, 2019, construction in progress was \$94,433 and consisted of architectural and legal services for the construction of assets that have not been completed or placed in service as of the end of the year. During the year ended June 30, 2020, the School incurred additional costs of \$14,653 related to the construction in progress. The School cancelled the construction project and incurred a loss of \$109,086 during the year ended June 30, 2020.

International Charter School of New York

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 and restricted 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 \$3,885,000 and \$2,540,000 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 87% and 97% 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. Commitments

In April 2015, the School entered into a sub-lease agreement with Brooklyn Friends School for permanent office and classroom space at 55 Willoughby Street. The lease was modified and extended through August 31, 2021.

In July 2018, the School entered into a sub-lease agreement with Friends of ICSNY for the premises at 522-528 Fulton Street through June 30, 2021.

Future minimum sub-lease payments for year ending June 30, 2022 is \$181,553. Rent expense under these leases for each of the years ended June 30, 2021 and 2020 was \$2,288,928 and \$2,573,710.

11. Paycheck Protection Program Loan Payable

On April 7, 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 \$855,827. 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 0.98% per year. The loan 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.

On March 30, 2021, the PPP loan was forgiven in full by the U.S. Small Business Administration. The loan forgiveness of \$855,827 is recorded as income on the accompanying statements of activities.

International Charter School of New York

Notes to Financial Statements
June 30, 2021 and 2020

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.

13. Merger with Brooklyn Prospect Charter School

On June 24, 2020, the School entered into a transition agreement with Prospect Schools, Inc. ("Prospect") in which the School plans to consummate a merger with Brooklyn Prospect Charter School ("BPCS"). On October 23, 2020, the School, Prospect, and BPCS entered into an agreement and plan of merger effective July 1, 2021. Under the agreement the School merged into and within BPCS, where BPCS is the surviving entity and the School will cease to exist upon the effective date.

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
International Charter School of New York**

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 International Charter School of New York (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 29, 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 29, 2021

Board of Trustees
International Charter School of New York

Auditors' Communication on Internal Control

In planning and performing our audit of the financial statements of International Charter School of New York (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 Charter Schools Institute of the State University 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

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