

Zeta Charter Schools - New York City

Financial Statements and
Uniform Guidance Schedules
Together with Independent Auditors' Report

December 30, 2020 and 2019

TABL OF CONT N	Page
Independent Auditors' Report	
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	
Statements of Cash Flows	7
Notes to Financial Statements	8
SUPPLEMENTARY INFORMATION	
Schedule of Activities - School	16
Schedule of Functional Expenses - Inwood 1	17
Schedule of Functional Expenses - Bronx 1	18
Schedule of Functional Expenses - Bronx 2	19
Schedule of Functional Expenses - Bronx 3	20
UNIFORM GUIDANCE REPORTS AND SCHEDULES	
Schedule of Expenditures of Federal Awards	21
Notes to Schedule of Expenditures of Federal Awards	22
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	
Schedule of Findings and Questioned Costs	27



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	Year Ended June 30, 2020	Period fro January 2, 2018 (inception) to June 30, 2019
OPERATING REVENUE		
State and Local Per Pupil Operating Revenue		
General education	7,564,311	5,021,965
Special education	1,048,835	714,943
Facilities	2,265,832	1,457,877

	No. of Po sition	General Education	Special Education	Total	Manage ent and General	Fundrai ing	Total
Per onnel Service Cost							
Administrative staff per onnel	18	\$ 595,333	\$ 132,557	\$ 727,890	\$ 247,260	\$ -	\$ 975,150
Instructional per onnel	52	2,336,471	644,428	2,980,899	10,669	-	2,991,568
Total Salaries and Staff	70	2,931,804	776,985	3,708,789	257,929	-	3,966,718
Fringe benefit and payroll tax		636,491	169,151	805,642	56,117	-	861,759
Retirement		84,915	22,639	107,554	7,524	-	115,078
Management company fee		1,106,139	236,592	1,342,731	288,942	67,986	1,699,659
Legal services		22,559	5,974	28,533	1,841	-	30,374
Accounting/audit services		-	-	-	484,677	-	484,677
Other purchased/professional/consulting services		87,170	18,608	105,778	28,000	-	133,778

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets

Adjustments to reconcile change in net assets
to net cash from operating activities

Depreciation and amortization

Year Ended	Period from
June 30,	January 2
2020	2018 (inception)
	to June 30
	2019

70,000

(571,000)

Zeta Charter Schools - New York City

Zeta Charter Schools - New York City

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Notes to Financial Statements
June 30, 2020 and 2019

4. Related Party Transactions (not disclosed elsewhere) *(continued)*

As of June 30, 2020 and 2019, the Network granted \$313,28 and \$331,20 to the School.

On July 23, 2018, the School entered into two three-year subleases for school facilities with the Network (see Note 12). The School has the option to extend the leases for an additional two years.

Zeta Charter Schools - New York City

Notes to Financial Statements
June 30, 2020 and 2019

12. Commitments (continued)

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

2021	\$ 3,242,333
2022	<u>270,194</u>
	<u>\$ 3, 512, 527</u>

The School recognizes rent expense on a straight-line basis over the terms of the leases. Rent expense in excess of payments is recorded as deferred rent in the accompanying statements of financial position. Rent expense for the year ended June 30, 2020 and for the period from January 2, 2018 (inception) to June 30, 2019 was \$2, 43,207 and \$2,370,9 .

13. 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

26 Charter Schools - New York City

Supplementary Information

June 30, 2020

Ze a Charter Schools - New York City

Schedule of Activities by School
Year Ended June 30, 2020

	Inwood 1	ronx 1	ronx 2	ronx 3	Total
OPERATING REVENUE					
State and Local Per Pupil Operating Revenue					
General education	\$ 3,817,473	\$ 3,746,838	\$ -	\$ -	\$ 7,564,311
Special education	559,752	489,083	-	-	1,048,835
Facilities	1,142,010	1,123,822	-	-	2,265,832
Federal grant	400,078	285,542	315,164	310,067	1,310,851
Federal IDEA and E-Rate	51,207	61,543	-	-	112,750
State and city grant	70,756	68,068	-	-	138,824
Total Operating Revenue	<u>6,041,276</u>	<u>5,774,896</u>	<u>315,164</u>	<u>310,067</u>	<u>12,441,403</u>
EXPENSES					
Program Service					
Regular education	3,999,683	4,094,682	196,883	193,065	8,484,313
Special education	1,121,326	940,283	37,072	36,349	2,135,030
Total Program Service	<u>5,121,009</u>	<u>5,034,965</u>	<u>233,955</u>	<u>229,414</u>	<u>10,619,343</u>
Supporting Service					
Management and general	632,794	553,079	82,418	81,028	1,349,319
Fundraising	28,501	27,135	6,175	6,175	67,986
Total Expenses	<u>5,782,304</u>	<u>5,615,179</u>	<u>322,548</u>	<u>316,617</u>	<u>12,036,648</u>
Surplus (Deficit) from Operation	<u>258,972</u>	<u>159,717</u>	<u>(7,384)</u>	<u>(6,550)</u>	<u>404,755</u>
SUPPORT AND OTHER REVENUE					
Contribution	5,000	5,000	-	-	10,000
Grant from Network	147,284	166,244	-	-	313,528
Donated services	15,187	15,187	-	-	30,374
Other income	5,069	5,104	-	-	10,173
Total Support and Other Revenue	<u>172,540</u>	<u>191,535</u>	<u>-</u>	<u>-</u>	<u>364,075</u>
Change in Net Assets	431,512	351,252	(7,384)	(6,550)	768,830
NET ASSETS (DEFICIT)					
Beginning of period	<u>(389,342)</u>	<u>(182,300)</u>	<u>-</u>	<u>-</u>	<u>(571,642)</u>
End of period	<u>\$ 42,170</u>	<u>\$ 168,952</u>	<u>\$ (7,384)</u>	<u>\$ (6,550)</u>	<u>\$ 197,188</u>

See independent auditor's report

No. of
Po sition

General
Education

Special
Education

Total

Manage ent
and General

Fundrai ing

Total

Per onne

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Schedule of Functional Expen e - ronx 1
Year Ended June 30, 2020

	No. of Po ition	Progra Service		Total	Supporting Service		Total
		General Education	Special Education		Manage ent and General	Fundrai ing	
Per onnel Service Co t							
Ad ini trative taff per onnel	6	\$ 234,586	\$ 44,683	\$ 279,269	\$ 93,090	\$ -	\$ 372,359
In tructional per onnel	26	1,185,692	295,857	1,481,549	4,566	-	1,486,115
Total Salarie and Staff	32	1,420,278	340,540	1,760,818	97,656	-	1,858,474
Fringe enefit and payroll taxe		299,740	71,868	371,608	20,610	-	392,218
Retire ent		38,578	9,250	47,828	2,653	-	50,481
Manage ent co pany fee		447,834	88,080	535,914	115,323	27,135	678,372
Legal evic		11,606	2,783	14,389	798	-	15,187
Accounting/audit evic		-	-	-	213,525	-	213,525
Other purcha ed/profe onal/con ulting evic		37,287	7,334	44,621	10,000	-	54,621
uilding and land rent/lea e		1,035,695	248,328	1,284,023	71,213	-	1,355,236
Supplie / aterial		169,135	33,972	203,107	-	-	203,107
Equip ent/furni hing		16,712	4,007	20,719	1,149	-	21,868
Staff develop ent		59,932	14,342	74,274	4,076	-	78,350
Marketing/recruit ent		171,782	34,625	206,407	1,338	-	207,745
Technology		81,508	18,352	99,860	3,704	-	103,564
Food evic		109,715	21,579	131,294	-	-	131,294
Student evic		34,883	6,861	41,744	-	-	41,744
Office expen e		58,965	14,138	73,103	4,053	-	77,156
Depreciation and a ortization		83,982	20,136	104,118	5,773	-	109,891
Other		17,050	4,088	21,138	1,208	-	22,346
Total Expen e		\$ 4,094,682	\$ 940,283	\$ 5,034,965	\$ 553,079	\$ 27,135	\$ 5,615,179

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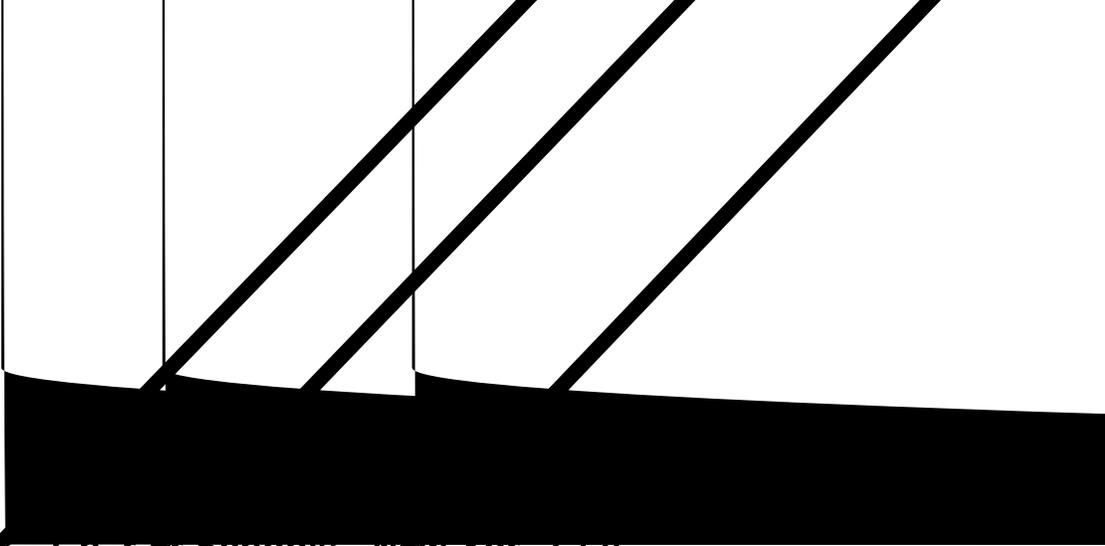
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Zeta Charter Schools - New York City

Schedule of Functional Expenses - Bronx 3
Year Ended June 30, 2020

	No. of Positions	Program Service			Supporting Service		
		General Education	Special Education	Total	Management and General	Fundraising	Total
Personnel Service Contract	2	\$ 17,500	\$ 3,400	\$ 21,250	\$ 9,395	\$ -	\$ 30,400
Administrative Staff Personnel		3,910	754	4,715	2,050	-	6,765
Fringe benefit and payroll tax		49	95	591	210	-	801
Retirement		102,700	19,290	121,950	2,244	175	154,375
Management company fee		-	-	-	2,397	-	2,397
Accounting/audit service		7,030	1,427	9,030	4,000	-	13,030
Other purchased professional consulting service		1,713	32	2,039	902	-	2,941
Equipment/furnishing		4,532	1,753	55,250	3,920	-	59,213
Marketing/recruitment		7,007	1,331	33	3,070	-	11,405
Technology		5,210	994	210	2,740	-	7,950
Office expense		193,050	3,349	229,414	1,020	175	31,170
Total Expenses		\$ 193,050	\$ 3,349	\$ 229,414	\$ 1,020	\$ 175	\$ 31,170



Z6 Charter Schools - New York City

Uniform Guidance S

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
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Zeta Charter Schools - New York City

Notes to Schedule of Expenditures of Federal Awards
June 30, 2020

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Zeta Charter Schools - New York City (the "School") and any P P n 0 n



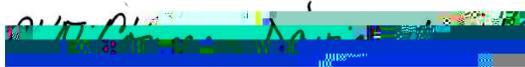
Report on Internal Control Ov

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harrison, New York
October 1, 2020



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
Zeta Charter Schools - New York City**

Report on Compliance for Each Major Federal Program

We have audited Zeta Charter Schools - New York City'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 period ended June 30, 2020. 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

Opinion on Each Major Federal Program

In our opinion, Zeta Charter Schools - New York City 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 as of June 30, 2020.

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

Zeta Charter Schools - New York City

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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:
Internal control over financial reporting:
Material

Unmodified