Northside Charter High School

Financial Statements

June 30, 2024 and 2023

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees
Northside Charter High School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northside Charter High School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northside Charter High School as of June 30, 2024 and 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northside Charter High School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northside Charter High School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Northside Charter High School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northside Charter High School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of Northside Charter High 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 Northside Charter High 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 Northside Charter High School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2024

Northside Charter High School

Statements of Financial Position

	June 30, 2024	June 30, 2023
ASSETS		
Current Assets		
Cash	$ 961,126	$ 692,314
Investments	5,690,205	5,174,481
Grants and contracts receivable	495,187	828,634
Prepaid expenses and other current assets	71,401	54,704
Total Current Assets	7,217,919	6,750,133
Property and equipment, net	447,260	753,365
Restricted cash	150,705	150,698
	$ 7,815,884	$ 7,654,196
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 549,488	$ 189,819
Refundable advances	-	135,377
Total Current Liabilities	549,488	325,196
Net assets, without donor restrictions	7,266,396	7,329,000
	$ 7,815,884	$ 7,654,196

See notes to financial statements

Northside Charter High School

Statements of Activities

	Year Ended June 30, 2024	2023
REVENUE AND SUPPORT		
State and local per pupil operating revenue	$ 9,056,506	$ 8,327,750
Federal grants	740,451	1,137,689
Federal IDEA and E-rate	197,054	153,499
State grants	-	32,014
Investment return	716,148	174,481
Other revenue	119,217	53,166
Total Revenue and Support	10,829,376	9,878,599
EXPENSES		
Program Services		
Regular education	6,412,417	5,988,684
Special education	2,754,117	2,058,250
Total Program Services	9,166,534	8,046,934
Supporting Services		
Management and general	1,402,979	838,509
Total Expenses	10,569,513	8,885,443
Change in Net Assets Before Other Losses	259,863	993,156
OTHER LOSSES		
Loss on disposal of property and equipment	(322,467)	-
Change in Net Assets	(62,604)	993,156
NET ASSETS, WITHOUT DONOR RESTRICTIONS		
Beginning of year	7,329,000	6,335,844
End of year	$ 7,266,396	$ 7,329,000

See notes to financial statements

Northside Charter High School

Statement of Functional Expenses
Year Ended June 30, 2024

	No. of Positions	Program Services Regular Education	Program Services Special Education	Program Services Total	Management and General	Total
Personnel Services Cost						
Administrative staff personnel	17	$ 942,263	$ 328,143	$ 1,270,406	$ 846,937	$ 2,117,343
Instructional personnel	43	2,774,285	1,473,417	4,247,702	-	4,247,702
Non-Instructional personnel	12	175,674	61,179	236,853	-	236,853
Total Personnel Services Cost	72	3,892,222	1,862,739	5,754,961	846,937	6,601,898
Payroll taxes and employee benefits		818,596	391,764	1,210,360	178,124	1,388,484
Retirement		47,484	22,725	70,209	10,332	80,541
Legal fees		-	-	-	55,804	55,804
Audit fees		-	-	-	68,740	68,740
Financial management services		-	-	-	51,166	51,166
Contractual services		494,702	208,194	702,896	59,962	762,858
Marketing and recruiting		42,976	16,500	59,476	2,561	62,037
Staff development		56,585	19,706	76,291	-	76,291
Office expense		89,916	43,032	132,948	19,566	152,514
Telephone and internet		109,931	21,986	131,917	43,973	175,890
Travel and conferences		198,258	-	198,258	-	198,258
Textbooks and classroom supplies		103,842	36,163	140,005	-	140,005
Student activities and fees		46,046	-	46,046	-	46,046
School events		226,214	78,779	304,993	-	304,993
Insurance		85,165	10,646	95,811	10,646	106,457
Dues and subscriptions		-	-	-	22,704	22,704
Technology and equipment		64,756	19,925	84,681	14,944	99,625
Depreciation and amortization		109,791	21,958	131,749	14,639	146,388
Miscellaneous		25,933	-	25,933	2,881	28,814
Total Expenses		$ 6,412,417	$ 2,754,117	$ 9,166,534	$ 1,402,979	$ 10,569,513

See notes to financial statements

Northside Charter High School

Statement of Functional Expenses
Year Ended June 30, 2023

	No. of Positions	Program Services: Regular Education	Program Services: Special Education	Program Services: Total	Management and General	Total
Personnel Services Cost						
Administrative staff personnel	12	$ 536,481	$ 162,199	$ 698,680	$ 465,786	$ 1,164,466
Instructional personnel	40	2,755,035	1,040,196	3,795,231	-	3,795,231
Non-Instructional personnel	13	226,340	68,431	294,771	-	294,771
Total Personnel Services Cost	65	3,517,856	1,270,826	4,788,682	465,786	5,254,468
Payroll taxes and employee benefits		712,898	283,030	995,928	103,737	1,099,665
Retirement		47,250	17,069	64,319	6,256	70,575
Legal fees		-	-	-	31,254	31,254
Audit fees		-	-	-	34,000	34,000
Financial management services		-	-	-	51,527	51,527
Contractual services		700,837	243,095	943,932	70,134	1,014,066
Marketing and recruiting		61,758	19,480	81,238	1,817	83,055
Staff development		97,577	29,501	127,078	-	127,078
Office expense		82,049	29,640	111,689	10,864	122,553
Telephone and internet		35,555	7,111	42,666	14,222	56,888
Travel and conferences		53,591	-	53,591	-	53,591
Textbooks and classroom supplies		220,977	66,810	287,787	-	287,787
Student activities and fees		65,414	-	65,414	-	65,414
School events		158,325	47,868	206,193	-	206,193
Insurance		69,328	8,666	77,994	8,666	86,660
Dues and subscriptions		-	-	-	14,463	14,463
Technology and equipment		41,098	12,645	53,743	9,484	63,227
Depreciation and amortization		112,547	22,509	135,056	15,007	150,063
Miscellaneous		11,624	-	11,624	1,292	12,916
Total Expenses		$ 5,988,684	$ 2,058,250	$ 8,046,934	$ 838,509	$ 8,885,443

See notes to financial statements

Northside Charter High School

Statements of Cash Flows

	Year Ended June 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (62,604)	$ 993,156
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	146,388	150,063
Net unrealized gain on investments	(716,148)	(174,481)
Loss of disposal of property and equipment	322,467	-
Changes in operating assets and liabilities		
Grants and contracts receivable	333,447	(433,266)
Prepaid expenses and other current assets	(16,697)	24,340
Accounts payable and accrued expenses	359,669	28,552
Refundable advances	(135,377)	135,377
Net Cash from Operating Activities	231,145	723,741
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(162,750)	(483,203)
Proceeds from maturity of investements	200,424	-
Purchase of investments	-	(5,000,000)
Net Cash from Investing Activities	37,674	(5,483,203)
Net Change in Cash and Restricted Cash	268,819	(4,759,462)
CASH AND RESTRICTED CASH		
Beginning of year	843,012	5,602,474
End of year	$ 1,111,831	$ 843,012

See notes to financial statements

Northside Charter High School

Notes to Financial Statements
June 30, 2024 and 2023

1. Organization and Tax Status

Northside Charter High School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on January 13, 2009 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on January 13, 2009, 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, 2027. The School's mission is to provide a nine through twelve grade educational program that results in mastery of the New York State Learning Standards, high school graduation, and acceptance to colleges and universities of choice by all students. In addition, the School develops and maintains a school culture that endorses high expectations that challenge each student to recognize and achieve his/her full potential within a school environment that is nurturing, professional and that fosters within each student an appreciation for life-long learning. The School provided education to approximately 420 students in ninth through twelfth grades during the 2023-2024 academic year.

The School shares space with a New York City public school beginning in August 2009. The School occupies approximately 20,880 square feet on one floor of a public school building. The School also shares the gymnasium, auditorium and cafeteria with the public school which approximate 20,520 square feet. The School is not responsible for rent, utilities, custodial services, maintenance and school safety services other than security related to the School's programs that take place outside the district's school day. 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 and transportation directly to some of the School's students. Such costs are not included in these financial statements. The School covers a portion of 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.

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 Board of Trustees.

Net assets with Donor Restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2024 and 2023.

Fair Value Measurements

The School follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuation

Stocks and mutual funds are stated at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

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.

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

Restricted Cash (continued)

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 for the years ended June 30:

	2024	2023
Cash	$ 961,126	$ 692,314
Restricted cash	150,705	150,698
	$ 1,111,831	$ 843,012

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of $5,000 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 which is five years. 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:

Computers and equipment	5 years
Furniture and fixtures	5 years
Software	5 years
Website	5 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, 2024 and 2023.

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.

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

Revenue and Support (continued)

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 restricted support 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 revenue without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

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 such as personnel services costs, payroll taxes and employee benefits, and contractual services 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.

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, 2024 and 2023 was $62,037 and $83,055.

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 and grants revenue, and other activities considered to be of a more non-recurring nature.

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, 2021.

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 28, 2024.

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 an allowance is not necessary.

4. Property and Equipment

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

	2024	2023
Computers and equipment	$ 1,323,623	$ 1,605,609
Furniture and fixtures	429,332	418,799
Software	41,115	41,115
Leasehold improvements	59,028	38,928
Website	30,999	31,227
	1,884,097	2,135,678
Accumulated depreciation and amortization	(1,436,837)	(1,382,313)
	$ 447,260	$ 753,365

Assets with a cost basis of $414,331 and accumulated depreciation of $91,864 were disposed of during the year ended June 30, 2024. Loss of disposal of property and equipment was $322,467 for the year ended June 30, 2024. There were no disposals during the year ended June 30, 2023.

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 dates are comprised of the following at June 30:

	2024	2023
Cash	$ 961,126	$ 692,314
Investments	5,690,205	5,174,481
Grants and contracts receivable	495,187	828,634
	$ 7,146,518	$ 6,695,429

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 securities until it is required for operational use. In the event of unanticipated liquidity need, the School could draw down upon investments to cover any temporary shortfall in funding. 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. Investments

The School's investments at June 30, 2024 and 2023 consist of the following:

	2024	
	Level 1	Total
Stock	$ 389,893	$ 389,893
Mutual funds	5,225,153	5,225,153
		5,615,046
Cash		75,159
		$ 5,690,205

	2023	
	Level 1	Total
Mutual funds	$ 5,162,017	$ 5,162,017
		5,162,017
Cash		12,464
		$ 5,174,481

7. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the School provided matching contributions up to 5%. Employer match for the years ended June 30, 2024 and 2023 amounted to $80,541 and $70,575.

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 and investments. At times, such amounts exceed the current insured amount under the Federal Deposit Insurance Corporation ("FDIC") limit of $250,000. Investments are maintained at a broker which insures the balance up to $500,000 with Securities Investor Protection Corporation insurance. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2024 and 2023, approximately $862,000 and $584,000 of cash was maintained with institutions 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, 2024 and 2023, the School received approximately 84% 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. Contingency

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

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

Independent Auditors' Report

Board of Trustees
Northside Charter High 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 Northside Charter High School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 28, 2024.

Report on 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 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. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

PKF O'CONNOR DAVIES, LLP
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Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2024-001.

The School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2024

Northside Charter High School

Schedule of Findings and Responses
Year Ended June 30, 2024

Financial Statement Findings

2024-001- Maintenance of Student Records

Criteria
Schools should maintain student files containing all documentation required by the New York State Education department (NYSED).

Condition
The student files tested did not contain all the required documentation. We noted the following exceptions during our test of 14 student files:

- Seven student files do not contain proof of residency
- Five student files do not contain a birth certificate
- Five student files do not contain medical forms or records

Cause
The school has experienced significant turnover which may have caused management's inability to prepare and maintain adequate records.

Effect
Noncompliance with laws and regulations of the NYSED for maintaining all required student documentation.

Recommendation
In an effort to ensure that student records are complete, we recommend that the School's checklist should be utilized periodically to insure that information is complete and updated for each student file.

Views of Responsible Officials
See management corrective action plan in Appendix A.

Northside Charter High School

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

2023-001- Revenue Recognition for Cost-Reimbursement Grants (repeat finding)

Condition
The School recognized federal cost-reimbursement grants, passed through New York State Department of Education, outside of the grant period. Grant management practices were performed as part of the fiscal year end closing but not throughout the fiscal year.

Current year Status
This condition was corrected during the year ended June 30, 2024.

2023-002- General Ledger Maintenance and Account Analysis

Condition
Schedules and reconciliations were not prepared and updated throughout the fiscal year. This delayed management's preparation of the year-end financial statements and the completion of the audit. We noted that improvements are needed in the financial statement closing process to address the timeliness of the School's year-end financial reporting.

Current year Status
This condition was corrected during the year ended June 30, 2024.

Northside Charter High School
424 Leonard Street
Brooklyn, New York 11222

RE : Corrective action plan Northside Charter High School June 30, 2024

Audit Finding: 2024-001 – Maintenance of Student Records

Schools should maintain student files containing all documentation required by the New York State Education department (NYSED). The student files tested did not contain all the required documentation.

Corrective action plan by Northside:

The school management will ensure that the following process is adhered to as recommended:

Northside will use the student records checklist to ensure that documentation is complete and updated for each student file.

Corrective action plan as outlined above has been implemented by Northside as of October 15, 2024.

NORTHSIDE CHARTER HIGH SCHOOL

Tony Dinh

By: Tony Dinh, CFO

10/15/2024

Date

Northside Charter High School

Independent Auditors' Report on Communication of Internal Control Matters

June 30, 2024

Independent Auditors' Communication on Internal Control Matters

The Board of Trustees
Northside Charter High School

In planning and performing our audit of the financial statements of Northside Charter High School (the "School") as of and for the year ended June 30, 2024, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 School's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in the School's internal control presented in Addendum A to be a significant deficiency.

This communication is intended solely for the information and use of management, audit committee, board of Trustees, 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.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by School personnel during the course of our audit.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2024

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Addendum A

Deficiency in Internal Control that We Consider to be Significant Deficiency

1. Maintenance of Student Records

The student files tested did not contain all the required documentation. We noted the following exceptions during our test of 14 student files:

- Seven student files do not contain proof of residency
- Five student files do not contain a birth certificate
- Five student files do not contain medical forms or records

In an effort to ensure that student records are complete, we recommend that the School's checklist should be utilized periodically to insure that information is complete and updated for each student file.