

Growing Up Green Charter School

Financial Statements

June 30, 2021 and 2020

Independent Auditors' Report

Board of Trustees
Growing Up Green Charter School

Report on the Financial Statements

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

PKF O'Connor Davies, LLP

Harrison, New York
October 19, 2021

Growing Up Green Charter School

Statements of Financial Position

	June 30,	
	2021	2020
ASSETS		
Current Assets		
Cash	\$ 6,050,820	\$ 4,977,737
Grants and contracts receivable	285,645	308,201
Prepaid expenses and other current assets	315,195	227,588
Due from related party	511,397	358,691
Total Current Assets	7,163,057	5,872,217
Property and equipment, net	928,058	746,148
Restricted cash - line of credit	762,868	761,570
Restricted cash - escrow	70,993	71,266
Security deposits	213,155	79,270
	\$ 9,138,131	\$ 7,530,471
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 354,420	\$ 139,595
Accrued payroll and payroll taxes	1,263,377	940,155
Deferred rent, current portion	36,793	76,876
Refundable advances	93,455	-
Total Current Liabilities	1,748,045	1,156,626
Paycheck Protection Program Loan payable	-	941,895
Deferred rent	293,235	176,276
Total Liabilities	2,041,280	2,274,797
Net assets, without donor restrictions	7,096,851	5,255,674
	\$ 9,138,131	\$ 7,530,471

See notes to financial statements

Growing Up Green Charter School

Statements of Activities

	Year Ended June 30,	
	2021	2020
OPERATING REVENUE		
Public School District		
Regular student enrollment	\$ 13,124,821	\$ 13,057,179
Students with disabilities	1,932,418	1,859,502
Facilities funding	430,239	443,365
Grants and Contracts		
Federal	520,232	324,253
State and local	22,582	29,165
Total Operating Revenue	16,030,292	15,713,464
EXPENSES		
Program Services		
Regular education	7,548,737	9,026,105
Special education	5,794,066	4,162,392
Other education - after school	10,012	71,567
Total Program Services	13,352,815	13,260,064
Supporting Services		
Management and general	1,670,030	1,915,836
Fundraising	154,796	93,539
Total Expenses	15,177,641	15,269,439
Surplus from Operations	852,651	444,025
SUPPORT AND OTHER REVENUE		
Gain on forgiveness of		
Paycheck Protection Program Loan	947,791	-
Contributions	21,905	221,659
Other income	18,830	2,883
Total Support and Other Revenue	988,526	224,542
Change in Net Assets	1,841,177	668,567
NET ASSETS		
Beginning of year	5,255,674	4,587,107
End of year	\$ 7,096,851	\$ 5,255,674

See notes to financial statements

Growing Up Green Charter School

Statement of Functional Expenses
Year Ended June 30, 2021

	No. of Positions	Program Services			Total	Management and Fundraising		Total
		Regular Education	Special Education	After School		General	Fundraising	
Personnel Services Costs								
Administrative staff personnel	33	\$ 1,159,110	\$ 512,401	\$ -	\$ 1,671,511	\$ 574,830	\$ 99,405	\$ 2,345,746
Instructional personnel	93	3,530,669	3,202,109	5,640	6,738,418	193	-	6,738,611
Non-Instructional personnel	<u>10</u>	<u>101,237</u>	<u>53,959</u>	<u>-</u>	<u>155,196</u>	<u>270,309</u>	<u>1,028</u>	<u>426,533</u>
Total Salaries and Staff	<u>135</u>	<u>4,791,016</u>	<u>3,768,469</u>	<u>5,640</u>	<u>8,565,125</u>	<u>845,332</u>	<u>100,433</u>	<u>9,510,890</u>
Fringe benefits and payroll taxes		1,048,908	825,040	1,235	1,875,183	185,071	21,988	2,082,242
Retirement		78,647	61,861	93	140,601	13,877	1,649	156,127
Legal fees		19,211	15,111	23	34,345	3,390	403	38,138
Accounting and audit services		-	-	-	-	78,153	-	78,153
Other purchased services		82,645	31,054	24	113,723	257,385	2,525	373,633
Rent expense		759,661	597,527	894	1,358,082	134,036	15,925	1,508,043
Repairs and maintenance		71,965	56,606	85	128,656	12,698	1,509	142,863
Insurance		49,176	38,680	58	87,914	8,677	1,031	97,622
Utilities		97,078	76,358	114	173,550	17,129	2,035	192,714
Supplies and materials		137,642	46,855	1,466	185,963	4,282	509	190,754
Equipment and furnishings		14,648	4,646	2	19,296	345	41	19,682
Staff and professional development		23,713	5,807	-	29,520	46,584	-	76,104
Marketing and recruiting		53,341	27,092	30	80,463	4,570	543	85,576
Technology		75,737	59,572	89	135,398	13,363	1,588	150,349
Food services		702	172	-	874	-	-	874
Student services		20,216	4,951	-	25,167	-	-	25,167
Office expense		44,307	34,851	52	79,210	7,818	929	87,957
Depreciation and amortization		147,019	115,641	173	262,833	25,940	3,082	291,855
Other		<u>33,105</u>	<u>23,773</u>	<u>34</u>	<u>56,912</u>	<u>11,380</u>	<u>606</u>	<u>68,898</u>
Total Expenses		<u>\$ 7,548,737</u>	<u>\$ 5,794,066</u>	<u>\$ 10,012</u>	<u>\$ 13,352,815</u>	<u>\$ 1,670,030</u>	<u>\$ 154,796</u>	<u>\$ 15,177,641</u>

Growing Up Green Charter School

Statement of Functional Expenses
Year Ended June 30, 2020

	No. of Positions	Program Services			Total	Management and Fundraising		Total
		Regular Education	Special Education	After School		General	Fundraising	
Personnel Services Costs								
Administrative staff personnel	21	\$ 970,611	\$ 498,865	\$ -	\$ 1,469,476	\$ 700,094	\$ 58,187	\$ 2,227,757
Instructional personnel	95	4,485,514	2,111,328	43,420	6,640,262	823	-	6,641,085
Non-Instructional personnel	14	245,474	84,024	-	329,498	254,451	631	584,580
Total Salaries and Staff	130	5,701,599	2,694,217	43,420	8,439,236	955,368	58,818	9,453,422
Fringe benefits and payroll taxes		1,148,909	542,902	8,749	1,700,560	192,513	11,852	1,904,925
Retirement		98,207	46,406	748	145,361	16,456	1,013	162,830
Legal fees		3,409	1,611	26	5,046	571	35	5,652
Accounting and audit services		-	-	-	-	168,615	-	168,615
Other purchased services		136,573	44,483	323	181,379	304,480	3,441	489,300
Rent expense		887,490	419,372	6,759	1,313,621	148,709	9,155	1,471,485
Repairs and maintenance		28,130	13,292	214	41,636	4,713	290	46,639
Insurance		58,951	27,857	449	87,257	9,878	608	97,743
Utilities		84,642	39,997	645	125,284	14,183	873	140,340
Supplies and materials		174,064	50,854	6,705	231,623	4,476	276	236,375
Equipment and furnishings		39,581	12,136	67	51,784	1,468	90	53,342
Staff and professional development		21,620	5,609	-	27,229	4,260	-	31,489
Marketing and recruiting		47,898	18,433	215	66,546	4,722	2,691	73,959
Technology		89,893	42,478	685	133,056	15,063	927	149,046
Food services		438	114	-	552	-	-	552
Student services		157,578	40,884	-	198,462	-	-	198,462
Office expense		98,319	46,459	749	145,527	16,474	1,014	163,015
Depreciation and amortization		215,665	101,910	1,642	319,217	36,137	2,225	357,579
Other		33,139	13,378	171	46,688	17,750	231	64,669
Total Expenses		\$ 9,026,105	\$ 4,162,392	\$ 71,567	\$ 13,260,064	\$ 1,915,836	\$ 93,539	\$ 15,269,439

Growing Up Green Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,841,177	\$ 668,567
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	291,855	357,579
Deferred rent	76,876	80,117
Gain on forgiveness of Paycheck Protection Program Loan	(947,791)	-
Changes in operating assets and liabilities		
Grants and contracts receivable	22,556	(219,204)
Prepaid expenses and other current assets	(87,607)	103,412
Due from related party	(152,706)	(21,079)
Security deposits	(133,885)	(14,270)
Accounts payable and accrued expenses	220,721	(12,505)
Accrued payroll and payroll taxes	323,222	45,899
Refundable advances	93,455	(18,486)
Net Cash from Operating Activities	1,547,873	970,030
 CASH FLOW FROM INVESTING ACTIVITY		
Purchases of property and equipment	(473,765)	(96,680)
 CASH FLOW FROM FINANCING ACTIVITY		
Paycheck Protection Program loan proceeds	-	941,895
 Net Change in Cash and Restricted Cash	1,074,108	1,815,245
 CASH AND RESTRICTED CASH		
Beginning of year	5,810,573	3,995,328
End of year	\$ 6,884,681	\$ 5,810,573

See notes to financial statements

Growing Up Green Charter School

Notes to Financial Statements
June 30, 2021 and 2020

1. Organization and Tax Status

Growing Up Green Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on December 16, 2008 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 16, 2008 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's mission is to empower children to be conscious, contributing members of their community through a rigorous curriculum and an engaging green culture. Graduates of the School will be prepared to attend high performing schools where their interdisciplinary academic foundations, knowledge of sustainability, and strong sense of self sets them apart as leaders of the future. Classes commenced in Long Island City, New York, on September 9, 2009 and the School provided education to approximately 813 students in grades kindergarten through eighth 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. 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.

Growing Up Green 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 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 as of June 30, 2021 and 2020.

Restricted Cash

Under the provisions of its Charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

Under a line of credit agreement, the School granted the lender a security interest in one of its deposit accounts to secure the indebtedness of Growing Up Green II (see Note 9). At June 30, 2021 and 2020, there was no balance payable on the line of credit.

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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 6,050,820	\$ 4,977,737
Restricted cash - line of credit	762,868	761,570
Restricted cash - escrow	70,993	71,266
	<u>\$ 6,884,681</u>	<u>\$ 5,810,573</u>

Growing Up Green Charter School

Notes to Financial Statements
June 30, 2021 and 2020

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

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. 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:

Equipment	5 years
Furniture and fixtures	7 years
Software	3 years
Website development	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, 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.

Growing Up Green Charter School

Notes to Financial Statements
June 30, 2021 and 2020

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

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 \$85,576 and \$73,959.

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.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2018.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 19, 2021.

3. Grants and Contracts Receivable

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

4. Property and Equipment

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

	2021	2020
Equipment	\$ 1,460,699	\$ 1,088,986
Furniture and fixtures	617,014	517,577
Software and website development	19,133	19,133
Leasehold improvements	1,496,708	1,494,093
	3,593,554	3,119,789
Accumulated depreciation and amortization	(2,665,496)	(2,373,641)
	<u>\$ 928,058</u>	<u>\$ 746,148</u>

Growing Up Green Charter School

Notes to Financial Statements
June 30, 2021 and 2020

5. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	2021	2020
Cash	\$ 6,050,820	\$ 4,977,737
Grants and contracts receivable	285,645	308,201
Due from related party	511,397	358,691
	<u>\$ 6,847,862</u>	<u>\$ 5,644,629</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in liquid instruments until it is required for operational use. To help manage unanticipated liquidation needs, The School has a letter of credit in the amount of \$750,000, which it could draw upon as further disclosed in Note 9.

6. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k), for the benefit of its eligible employees. Under the plan, the School provided matching contributions up to 5% of the participant's annual compensation. Employer match for the years ended June 30, 2021 and 2020 amounted to \$156,127 and \$162,830.

7. 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 \$6,630,000 and \$5,560,000 of cash and restricted cash was maintained with an institution in excess of FDIC limits.

8. 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 91% and 96% 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.

Growing Up Green Charter School

Notes to Financial Statements
June 30, 2021 and 2020

9. Related Party Transactions (not disclosed elsewhere)

Friends of Growing Up Green

The School is an affiliate of Friends of Growing Up Green (“Friends of GUG”), a New York State not-for-profit corporation, through common management. Friends of GUG supports the School through technical and financial assistance. There were no material transactions between Friends of GUG and the School for the years ended June 30, 2021 and 2020. In September 2021, lease agreements for all facilities used by the School were transferred to Friends of GUG, and a sublease agreement was entered into between Friends of GUG (sublandlord) and the School (subtenant).

Growing Up Green Charter School II

The School is an affiliate of Growing Up Green Charter School II (“GUG II”), a New York State not-for-profit education corporation who both share common management and board members. The School was not required to consolidate financial statements with GUG II as the School does not have an economic interest in the net assets of GUG II. During the years ended June 30, 2021 and 2020, the School charged \$511,397 and \$358,691 of operating expenses to GUG II.

On March 21, 2017, the School co-signed a \$750,000 commercial line of credit with a financial institution along with GUG II. The School assigned and granted the lender a security interest in one of its deposit accounts with the financial institution. The line of credit was paid in full by GUG II as of June 30, 2021 and 2020 but remains open. At June 30, 2021 and 2020, the pledged amount was \$762,868 and \$761,570.

The balance due from GUG II at June 30, 2021 and 2020 was \$511,397 and \$358,691.

10. Commitments

Facility Leases

The School is obligated under a non-cancelable operating lease for office and classroom space at 39-27 28th Street, Long Island City, New York, which expires on August 31, 2029. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses.

On May 15, 2014, the School entered into an agreement to lease additional property at 36-49 11th Street, Long Island City, New York for a period of 10 years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses. This location became the home of Growing Up Green Middle School starting with the 2014-2015 academic year.

Growing Up Green Charter School

Notes to Financial Statements
June 30, 2021 and 2020

10. Commitments (continued)

Facility Leases (continued)

The future minimum lease payments for both facility leases are as follows for the years ending June 30:

2022	\$ 1,471,248
2023	1,505,803
2024	1,541,177
2025	1,104,836
2026	1,132,457
Thereafter	<u>3,774,174</u>
	<u>\$ 10,529,695</u>

The School recognizes rent expense on a straight-line basis over the term of the lease. Rent expense in excess of payments is recorded as deferred rent in the accompanying statements of financial position. Rent expense for the years ended June 30, 2021 and 2020 amounted to \$1,508,043 and \$1,471,485.

Equipment Leases

The School leases various copiers under non-cancelable operating leases expiring at various dates through October 2026. The future minimum lease payments under the copier leases are as follows for the years ending June 30:

2022	\$ 53,466
2023	53,466
2024	53,466
2025	53,466
2026	<u>17,822</u>
	<u>\$ 231,686</u>

Equipment leasing expense for the years ended June 30, 2021 and 2020 amounted to \$49,265 and \$55,846.

Growing Up Green Charter School

Notes to Financial Statements
June 30, 2021 and 2020

11. Paycheck Protection Program Loan Payable

On May 29, 2020, the School received loan proceeds in the amount of \$941,895 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest were forgivable as long as the borrower used the loan proceeds for eligible purposes, as described in the CARES Act, over a period of between eight and twenty-four weeks (the "Covered Period"). Loan payments of principal or interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration ("SBA").

On February 26, 2021, the PPP loan was fully forgiven by the SBA, and as such, the School has recognized the proceeds as other revenue in the accompanying statements of activity.

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. Risks and Uncertainties

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

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
Growing Up Green 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 Growing Up Green Charter School (the "School"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Harrison, New York
October 19, 2021