HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2019 AND 2018

HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hyde Leadership Charter School - Brooklyn

We have audited the accompanying financial statements of Hyde Leadership Charter School - Brooklyn (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

LUTZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hyde Leadership Charter School - Brooklyn as of June 30, 2019 and 2018, 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 11, 2019, on our consideration of Hyde Leadership Charter School - Brooklyn'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 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 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 Hyde Leadership Charter School - Brooklyn's internal control over financial reporting and compliance.

Lutz + Carr, LLP

New York, New York
October 11, 2019

HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
Assets		
Cash (Note 9)	$1,431,512	$1,587,276
Restricted cash - New York City Department of Education reserve (Note 10c)	75,176	75,139
Unconditional promises to give (Notes 1b and 4)		
Without Donor Restrictions	165,756	158,987
Accounts receivable	1,252	3,827
Prepaid expenses and other current assets	14,750	22,112
	1,688,446	1,847,341
Property and equipment, at cost, net of accumulated depreciation (Notes 1c and 5)	423,825	70,462
Security deposit	29,750	-
Total Assets	$2,142,021	$1,917,803
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 187,739	$ 116,239
Salaries, payroll taxes and benefits payable	393,997	334,642
Capital lease obligation (Note 6)	172,645	-
Refundable advance - New York City Department of Education (Note 7)	60,991	-
Deferred rent (Note 1d)	5,409	-
Total Liabilities	820,781	450,881
Commitments and Contingency (Notes 8 and 10)		
Net Assets		
Without Donor Restrictions		
Board designated (Note 3)	15,000	15,000
New York City Department of Education reserve (Note 10c)	75,176	75,139
Other	1,231,064	1,376,783
Total Net Assets	1,321,240	1,466,922
Total Liabilities and Net Assets	$2,142,021	$1,917,803

See notes to financial statements.

HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenues and Other Support		
Public School District:		
Resident student enrollment - New York City Department of Education (Note 7)	$7,671,596	$5,784,748
Federal grants	340,050	653,541
Contributions	25,987	6,882
Interest income	860	820
Loss on disposal of property and equipment	(20,373)	-
Other income	17,851	6,199
Total Revenues and Other Support	8,035,971	6,452,190
Expenses		
Program Services	6,667,180	5,021,731
Supporting Services		
Management and general	1,387,634	1,079,346
Fundraising	126,839	140,003
Total Supporting Services	1,514,473	1,219,349
Total Expenses	8,181,653	6,241,080
Increase (decrease) in net assets	(145,682)	211,110
Net assets, beginning of year	1,466,922	1,255,812
Net Assets, End of Year	$1,321,240	$1,466,922

See notes to financial statements.

HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

	2019							2018
		Program Services			Supporting Services				
	Number of Positions	Regular Education	Special Education	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Personnel Services Costs									
Administrative staff personnel	14	$ 558,907	$ 7,205	$ 566,112	$ 794,523	$ 64,543	$ 859,066	$1,425,178	$1,097,386
Instructional personnel	49	2,840,206	447,359	3,287,565	-	-	-	3,287,565	2,704,395
Non-instructional personnel	2	53,943	-	53,943	71,253	-	71,253	125,196	148,324
Total Personnel Services Costs		3,453,056	454,564	3,907,620	865,776	64,543	930,319	4,837,939	3,950,105
Employee benefits and payroll taxes		864,808	114,151	978,959	217,415	16,208	233,623	1,212,582	936,096
Pension		68,309	8,992	77,301	17,127	1,277	18,404	95,705	80,953
Management company fees		143,284	-	143,284	-	-	-	143,284	106,919
Legal fees		-	-	-	16,243	-	16,243	16,243	-
Accounting and audit fees		-	-	-	38,646	-	38,646	38,646	40,608
Other purchased, professional and consulting services		448,477	30,506	478,983	111,002	13,882	124,884	603,867	471,088
Occupancy		330,695	3,658	334,353	6,967	519	7,486	341,839	-
Repairs and maintenance		41,332	5,441	46,773	10,362	773	11,135	57,908	9,780
Insurance		27,231	3,585	30,816	6,827	509	7,336	38,152	32,693
Supplies		179,076	-	179,076	-	-	-	179,076	77,392
Equipment and furnishings		32,322	-	32,322	1,771	-	1,771	34,093	18,292
Staff development		14,873	-	14,873	10,254	24,514	34,768	49,641	91,053
Marketing and recruitment		2,878	-	2,878	23,362	-	23,362	26,240	27,630
Food service		17,663	2,325	19,988	4,429	330	4,759	24,747	24,649
Student services		160,629	-	160,629	-	-	-	160,629	174,888
Office expenses		89,275	11,752	101,027	22,384	1,669	24,053	125,080	104,480
Other		62,386	8,212	70,598	15,639	1,166	16,805	87,403	29,095
Total expenses before depreciation		5,936,294	643,186	6,579,480	1,368,204	125,390	1,493,594	8,073,074	6,175,721
Depreciation		77,498	10,202	87,700	19,430	1,449	20,879	108,579	65,359
Total Expenses, 2019		$6,013,792	$ 653,388	$6,667,180	$ 1,387,634	$ 126,839	$1,514,473	$8,181,653	
Total Expenses, 2018		$4,542,542	$ 479,189	$5,021,731	$ 1,079,346	$ 140,003	$1,219,349		$6,241,080

See notes to financial statements.

HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

		Program Services			Supporting Services			
	Number of Positions	Regular Education	Special Education	Total	Management and General	Fundraising	Total	Total Expenses
Personnel Services Costs								
Administrative staff personnel	11	$ 265,585	$ 89,133	$ 354,718	$ 683,152	$ 59,516	$ 742,668	$1,097,386
Instructional personnel	41	2,467,242	237,153	2,704,395	-	-	-	2,704,395
Non-instructional personnel	2	117,720	19,620	137,340	10,984	-	10,984	148,324
Total Personnel Services Costs		2,850,547	345,906	3,196,453	694,136	59,516	753,652	3,950,105
Employee benefits and payroll taxes		680,665	82,581	763,246	159,396	13,454	172,850	936,096
Pension		58,864	7,142	66,006	13,784	1,163	14,947	80,953
Management company fees		106,919	-	106,919	-	-	-	106,919
Legal fees		-	-	-	-	-	-	-
Accounting and audit fees		-	-	-	40,608	-	40,608	40,608
Other purchased, professional and consulting services		334,262	18,484	352,746	100,790	17,552	118,342	471,088
Occupancy		-	-	-	-	-	-	-
Repairs and maintenance		7,112	863	7,975	1,664	141	1,805	9,780
Insurance		23,772	2,884	26,656	5,567	470	6,037	32,693
Supplies		77,392	-	77,392	-	-	-	77,392
Equipment and furnishings		16,687	1,605	18,292	-	-	-	18,292
Staff development		24,186	-	24,186	22,373	44,494	66,867	91,053
Marketing and recruitment		24,674	-	24,674	2,956	-	2,956	27,630
Food service		17,923	2,174	20,097	4,198	354	4,552	24,649
Student services		174,888	-	174,888	-	-	-	174,888
Office expenses		75,971	9,217	85,188	17,790	1,502	19,292	104,480
Other		21,155	2,567	23,722	4,955	418	5,373	29,095
Total expenses before depreciation		4,495,017	473,423	4,968,440	1,068,217	139,064	1,207,281	6,175,721
Depreciation		47,525	5,766	53,291	11,129	939	12,068	65,359
Total Expenses		$4,542,542	$ 479,189	$5,021,731	$ 1,079,346	$ 140,003	$1,219,349	$6,241,080

See notes to financial statements.

HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ (145,682)	$ 211,110
Adjustments to reconcile increase (decrease) in net assets cash provided by operating activities:		
Depreciation	108,579	65,359
Loss on disposal of property and equipment	20,373	-
(Increase) decrease in:		
Unconditional promises to give	(6,769)	108,359
Accounts receivable	2,575	(3,827)
Prepaid expenses and other current assets	7,362	(3,930)
Security deposit	(29,750)	-
Increase (decrease):		
Accounts payable and accrued expenses	71,500	(88,320)
Salaries, payroll taxes and benefits payable	59,355	16,459
Capital lease obligation	172,645	-
Refundable advance - New York City Department of Education	60,991	(32,336)
Deferred rent	5,409	-
Net Cash Provided By Operating Activities	326,588	272,874
Cash Flows From Investing Activities		
Purchase of property and equipment	(482,315)	-
Cash Flows From Financing Activities		
Restricted cash - NYC Department of Education reserve	(37)	(30)
Net increase (decrease) in cash	(155,764)	272,844
Cash, beginning of year	1,587,276	1,314,432
Cash, End of Year	$1,431,512	$1,587,276
Supplementary Disclosure of Cash Flow Information		
Interest paid	$ 9,929	$ -

See notes to financial statements.

HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Hyde Leadership Charter School - Brooklyn's ("HLCS") mission is to develop the deeper character and unique potential of each student. Using the Hyde Process for family-based character education, HLCS unites parents, teachers and students in helping each student achieve his or her best academically and in sports, the arts, and the community. Rigorous learning attitudes, leadership skills and a social conscience lay the foundation for each student's success in college and fulfillment in life. HLCS served grades K-6 in 2019 and K-5 in 2018. The Hyde Middle School opened in September 2018.

b - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to HLCS, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

HLCS uses the allowance method to account for uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

c - Property and Equipment

Property and equipment are stated at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets.

d - Deferred Rent

HLCS records rent expense associated with its lease on the straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of the lease is recorded as a liability and an expense in the accompanying financial statements.

e - Advertising and Promotion Costs

Advertising and promotion costs are charged to operations when the advertising first takes place.

HYDE LEADERSHIP CHARTER SCHOOL - BROOKLYN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

f - Financial Statement Presentation

HLCS' financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require HLCS to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of HLCS. These net assets may be used at the discretion of HLCS' management and Board of Directors.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of HLCS or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

g - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of HLCS' expenses are directly related to program activities. The expenses that are allocated include personnel services costs, employee benefits and payroll taxes, depreciation, insurance, repairs and maintenance, office expenses and interest, which are allocated based on employee time and effort.

h - Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i - Tax Status

HLCS is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

j - Subsequent Events

HLCS has evaluated subsequent events through October 11, 2019, the date that the financial statements are considered available to be issued.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

k - Prior Year Information

Certain 2018 amounts have been reclassified for comparative purposes.

l - New Accounting Pronouncements

In 2019, HLCS adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the previous reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted under the ASU in the year of adoption, HLCS opted to not disclose liquidity and availability information for 2018.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than 12 months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. HLCS is currently evaluating the impact of ASU 2016-02 on its financial statements.

Note 2 - Information Regarding Liquidity and Availability

HLCS operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. More specifically, for fiscal year 2019, HLCS budgeted a slight deficit of revenue over expenses due to the additional expenses to be incurred to open the new middle school; adding new staffing and facilities to accommodate the charter approved grade 7. A substantial portion of annual revenue is comprised of the per pupil allocation from the New York Department of Education, and revenue from other sources earned during the year. HLCS considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to management and general and fundraising activities undertaken to support those services.

HLCS regularly monitors liquidity to meet its operating needs and other commitments and obligations. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures.

Note 2 - Information Regarding Liquidity and Availability (continued)

HLCS' financial assets as of June 30, 2019 and those available within one year to meet cash needs for general expenditures within one year are summarized as follows:

Financial Assets at Year End:	
Cash	$1,431,512
Contributions receivable	165,756
Accounts receivable	1,252
Total Financial Assets	1,598,520
Less: Amounts not Available to be Used Within One Year:	
Board designated fund	(15,000)
Financial Assets Available to Meet General Expenditures within One Year	$1,583,520

In addition to these financial assets available within one year, HLCS' board designated funds could be made available at any time to meet cash needs for general expenditures at the discretion of the board.

Note 3 - Board Designated Net Assets

HLCS established a board designated fund to promote its long-term financial stability.

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises are expected to be insignificant.

Note 5 - Property and Equipment

A summary of property and equipment at June 30 is as follows:

	Life	2019	2018
Building equipment	5 years	$ 127,295	$ 79,795
Computer equipment	2-7 years	819,584	487,966
Furniture and fixtures	5-7 years	113,361	69,255
		1,060,240	637,016
Less: Accumulated depreciation		(636,415)	(566,554)
		$ 423,825	$ 70,462

Note 6 - Capital Lease Obligation

During 2019, HLCS entered into two capital lease agreements for computer equipment with terms expiring through October 2021. The assets and liabilities under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the shorter of their related lease terms estimated productive lives, and such amounts are included in depreciation expense in the statement of activities. Property held under the capital leases totaled $184,621 (net of accumulated depreciation of $33,652) at June 30, 2019. There were no capital leases during the year ended June 30, 2018.

Capital lease obligations at June 30, 2019 provide for future minimum payments as follows:

Year Ending June 30,	
2020	$ 88,594
2021	81,008
2022	16,853
	186,455
Less: Amount representing interest	(13,810)
Principal Amount	$172,645

Note 7 - Resident Student Enrollment

HLCS' per pupil allocation is determined by the New York State Education Department using New York State's charter school funding formula.

In 2019, HLCS received per pupil allocation payments from the New York Department of Education in excess of the actual per pupil allocation for the year ended June 30, 2019. The excess allocation received is recorded as an refundable advance, and will subsequently be recognized as revenue in 2020.

Note 8 - Retirement Plan

HLCS maintained a retirement plan for all eligible employees through a Professional Employer Organization. HLCS' contributions to the plan totaled $95,705 and $80,953 for the years ended June 30, 2019 and 2018, respectively.

Note 9 - Concentration of Credit Risk

HLCS' cash is maintained in a financial institution in New York, which is insured by the Federal Deposit Insurance Corporation up to $250,000.

Note 10 - Commitments and Contingency

a - As part of a building utilization plan with the New York City Department of Education, HLCS will be permanently sited in PS 328. The Department provides utilities and other maintenance and security services for the building during regular school hours.

b - In September 2018, HCLS entered into a lease agreement to occupy space for its middle school, which expires August 31, 2023. HCLS will occupy one floor in the first year of the lease, two floors in the second year of the lease, and three floors during the third year until expiration of the lease.

Note 10 - Commitments and Contingency (continued)

b - (continued)

Approximate minimum rental payments under the lease are as follows:

Year Ending June 30,	
2020	$ 655,000
2021	1,012,000
2022	1,098,000
2023	1,131,000
Thereafter, through August 31, 2023	189,000

Rent expense for the year ended June 30, 2019 was $302,909. There was no rent expense during the year ended June 30, 2018.

c - HLCS is obligated by the New York City Department of Education to maintain a $75,000 cash reserve.

d - HLCS has retained Hyde Foundation to provide educational materials and various consulting and management services including training and accreditation review. A fee equal to approximately 2% in 2019 and 2018 of HLCS's annual aggregate pupil funding allocated by the New York City Department of Education is due and payable in three annual installments. The agreement is currently being renegotiated. Total fees paid to Hyde Foundation amounted to approximately $143,000 and $107,000 for the years ended June 30, 2019 and 2018, respectively.

e - Government supported projects are subject to audit by the applicable granting agency.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' 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

To the Board of Directors of
Hyde Leadership Charter School - Brooklyn

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 Hyde Leadership Charter School - Brooklyn (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hyde Leadership Charter School - Brooklyn's internal control over financial reporting (internal control) to determine 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 Hyde Leadership Charter School - Brooklyn's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

LUTZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hyde Leadership Charter School - Brooklyn'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 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.

Lutz + Carr, LLP

New York, New York
October 11, 2019