

# **Growing Up Green Charter School II**

Financial Statements

June 30, 2019 and 2018

## **Independent Auditors' Report**

### **Board of Trustees Growing Up Green Charter School II**

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Growing Up Green Charter School II (the "School"), which comprise the statements of financial position as of June 30, 2019 and June 30, 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 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, 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.

***Change in Accounting Principle***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, Growing Up Green Charter School II adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this manner.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, 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 7, 2019

## Growing Up Green Charter School II

### Statements of Financial Position

	June 30,	
	2019	2018
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 876,779	\$ 238,266
Grants and contracts receivable	60,462	139,108
Prepaid expenses and other current assets	<u>157,608</u>	<u>141,914</u>
Total Current Assets	1,094,849	519,288
 Property and equipment, net	 1,498,452	 1,446,247
Restricted cash	75,254	50,093
Security deposits	<u>174,780</u>	<u>193,270</u>
	<u><u>\$ 2,843,335</u></u>	<u><u>\$ 2,208,898</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 75,905	\$ 86,818
Accrued payroll and payroll taxes	455,097	311,286
Refundable advances	17,986	4,395
Deferred rent, current portion	131,099	311,100
Due to related party	<u>337,612</u>	<u>530,785</u>
Total Current Liabilities	1,017,699	1,244,384
 Deferred rent	 <u>1,342,201</u>	 <u>851,100</u>
Total Liabilities	2,359,900	2,095,484
 Net assets, without donor restrictions	 <u>483,435</u>	 <u>113,414</u>
	<u><u>\$ 2,843,335</u></u>	<u><u>\$ 2,208,898</u></u>

See notes to financial statements

## Growing Up Green Charter School II

### Statements of Activities

	Year Ended June 30,	
	2019	2018
<b>OPERATING REVENUE</b>		
Public School District		
Regular student enrollment	\$ 5,438,485	\$ 3,658,644
Students with disabilities	996,781	704,991
Universal pre-kindergarten	331,200	331,200
Facilities funding	720,000	540,000
Grants and Contracts		
Federal - E-Rate, CSP, IDEA, and Titles	193,153	387,003
State and local	26,945	19,382
Total Operating Revenue	<u>7,706,564</u>	<u>5,641,220</u>
<b>EXPENSES</b>		
Program Services		
Regular education	4,310,944	3,160,713
Special education	2,064,253	1,718,685
Other education - after school	112,320	147,840
Total Program Services	<u>6,487,517</u>	<u>5,027,238</u>
Supporting Services		
Management and general	914,721	771,754
Fundraising	14,340	13,292
Total Expenses	<u>7,416,578</u>	<u>5,812,284</u>
Surplus (Deficit) from Operations	<u>289,986</u>	<u>(171,064)</u>
<b>SUPPORT AND OTHER REVENUE</b>		
Contributions	79,869	59,350
Other income	166	93
Total Support and Other Revenue	<u>80,035</u>	<u>59,443</u>
Change in Net Assets	370,021	(111,621)
<b>NET ASSETS</b>		
Beginning of period	<u>113,414</u>	<u>225,035</u>
End of period	<u>\$ 483,435</u>	<u>\$ 113,414</u>

See notes to financial statements

# **Growing Up Green Charter School II**

## Statement of Functional Expenses Year Ended June 30, 2019

	No. of	Program Services				Management		
	Positions	Regular	Special	After	Total	and	Fundraising	Total
		Education	Education	School		General		
Personnel Services Costs								
Administrative staff personnel	12	\$ 513,563	\$ 105,885	\$ -	\$ 619,448	\$ 295,349	\$ 8,769	\$ 923,566
Instructional personnel	47	1,929,524	1,128,202	70,490	3,128,216	-	-	3,128,216
Non-instructional personnel	3	2,627	1,313	-	3,940	133,199	-	137,139
Total Salaries and Staff	<u>62</u>	<u>2,445,714</u>	<u>1,235,400</u>	<u>70,490</u>	<u>3,751,604</u>	<u>428,548</u>	<u>8,769</u>	<u>4,188,921</u>
Fringe benefits and payroll taxes		481,729	243,332	13,884	738,945	84,411	1,727	825,083
Retirement		33,941	17,145	978	52,064	5,947	122	58,133
Legal fees		16,291	8,228	470	24,989	2,855	58	27,902
Accounting and audit services		-	-	-	-	78,081	-	78,081
Other purchased services		209,020	62,517	1,391	272,928	157,966	573	431,467
Rent expense		602,010	304,093	17,351	923,454	105,487	2,159	1,031,100
Repairs and maintenance		21,517	10,869	620	33,006	3,770	77	36,853
Insurance		20,515	10,363	591	31,469	3,595	74	35,138
Utilities		31,075	15,697	896	47,668	5,444	111	53,223
Supplies and materials		123,917	32,481	596	156,994	2,018	41	159,053
Equipment and furnishings		26,839	9,513	338	36,690	2,059	42	38,791
Staff and professional development		21,232	5,037	-	26,269	-	-	26,269
Marketing and recruiting		68,291	20,436	456	89,183	2,769	57	92,009
Technology		24,174	12,211	696	37,081	4,235	87	41,403
Food services		2,760	655	-	3,415	-	-	3,415
Student services		55,351	13,130	-	68,481	-	-	68,481
Office expense		40,016	20,213	1,153	61,382	7,013	143	68,538
Depreciation and amortization		71,687	36,211	2,066	109,964	12,561	257	122,782
Other		<u>14,865</u>	<u>6,722</u>	<u>344</u>	<u>21,931</u>	<u>7,962</u>	<u>43</u>	<u>29,936</u>
Total Expenses		<u>\$ 4,310,944</u>	<u>\$ 2,064,253</u>	<u>\$ 112,320</u>	<u>\$ 6,487,517</u>	<u>\$ 914,721</u>	<u>\$ 14,340</u>	<u>\$ 7,416,578</u>

See notes to financial statements

# **Growing Up Green Charter School II**

## Statement of Functional Expenses Year Ended June 30, 2018

	No. of	Program Services				Management		
	Positions	Regular	Special	After	Total	and	Fundraising	Total
		Education	Education	School		General		
Personnel Services Costs								
Administrative staff personnel	11	\$ 374,968	\$ 193,982	\$ -	\$ 568,950	\$ 218,091	\$ 7,565	\$ 794,606
Instructional personnel	33	1,319,876	773,823	86,360	2,180,059	-	-	2,180,059
Non-instructional personnel	2	-	-	-	-	76,947	-	76,947
Total Salaries and Staff	46	1,694,844	967,805	86,360	2,749,009	295,038	7,565	3,051,612
Fringe benefits and payroll taxes		357,497	204,141	18,216	579,854	62,234	1,596	643,684
Retirement		30,401	17,360	1,549	49,310	5,292	136	54,738
Legal fees		13,608	7,771	693	22,072	2,369	61	24,502
Accounting and audit services		-	-	-	-	137,146	-	137,146
Other purchased services		138,789	46,289	1,974	187,052	106,969	523	294,544
Rent expense		572,665	327,009	29,180	928,854	99,690	2,556	1,031,100
Repairs and maintenance		23,880	13,636	1,217	38,733	4,156	107	42,996
Insurance		16,942	9,674	863	27,479	2,949	76	30,504
Utilities		28,496	16,272	1,452	46,220	4,961	127	51,308
Supplies and materials		112,265	30,210	593	143,068	1,631	42	144,741
Equipment and furnishings		16,442	6,023	317	22,782	1,085	28	23,895
Staff and professional development		12,789	3,090	-	15,879	-	-	15,879
Marketing and recruiting		29,720	11,654	692	42,066	2,365	61	44,492
Technology		27,546	15,729	1,404	44,679	4,795	123	49,597
Food services		3,758	908	-	4,666	-	-	4,666
Student services		13,145	3,175	-	16,320	-	-	16,320
Office expense		21,994	12,560	1,121	35,675	3,829	98	39,602
Depreciation and amortization		40,122	22,910	2,044	65,076	6,984	179	72,239
Other		5,810	2,469	165	8,444	30,261	14	38,719
Total Expenses		\$ 3,160,713	\$ 1,718,685	\$ 147,840	\$ 5,027,238	\$ 771,754	\$ 13,292	\$ 5,812,284

See notes to financial statements

## Growing Up Green Charter School II

### Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 370,021	\$ (111,621)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	122,782	72,239
Deferred rent	311,100	491,100
Changes in operating assets and liabilities		
Grants and contracts receivable	78,646	33,822
Prepaid expenses and other current assets	(15,694)	(80,400)
Security deposits	18,490	(118,490)
Accounts payable and accrued expenses	(10,913)	(23,537)
Accrued payroll and payroll taxes	143,811	71,338
Refundable advances	13,591	(24,783)
Due to related party	(193,173)	161,362
Net Cash from Operating Activities	<u>838,661</u>	<u>471,030</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(174,987)	(582,649)
Payment of line of credit	-	(284,490)
Restricted cash	(25,161)	(25,073)
Net Cash from Investing Activities	<u>(200,148)</u>	<u>(892,212)</u>
 Net Change in Cash and Cash Equivalents	 638,513	 (421,182)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>238,266</u>	<u>659,448</u>
End of year	<u>\$ 876,779</u>	<u>\$ 238,266</u>

See notes to financial statements



## **Growing Up Green Charter School II**

Notes to Financial Statements  
June 30, 2019 and 2018

### **1. Organization and Tax Status**

Growing Up Green Charter School II (the "School") is a New York State, not-for-profit educational corporation that was incorporated on December 15, 2015 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 15, 2015 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 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 Jamaica, New York, on September 8, 2016 and the School provided education to approximately 344 students in grades kindergarten through fourth during the 2018-2019 academic year.

Beginning in July 2016, the School was awarded a contract with the New York City Department of Education ("NYCDOE") to operate a universal pre-kindergarten program. The contract expired on June 30, 2019 and was not renewed by the NYCDOE. The School provided education to approximately 30 students during the 2018-2019 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 II**

### **Notes to Financial Statements**

June 30, 2019 and 2018

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

### ***Change in Accounting Principle***

On July 1, 2018, the School adopted new guidance regarding the Presentation of Financial Statements for Not-for Profit Entities. This guidance requires the School to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the School to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses both by their natural and functional classification in one location in the financial statements. As a result of implementing this standard, prior year amounts for unrestricted net assets were reclassified to net assets without donor restrictions.

### ***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, 2019 and 2018.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash balances held in bank accounts and highly liquid financial instruments with maturities of three months or less at the time of purchase.

### ***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.

## **Growing Up Green Charter School II**

### **Notes to Financial Statements**

June 30, 2019 and 2018

## **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. 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:

Equipment	5 years
Furniture and fixtures	7 years
Software	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2019 and 2018.

### ***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 II**

Notes to Financial Statements  
June 30, 2019 and 2018

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

#### ***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.

#### ***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, 2019 and 2018 was \$92,009 and \$44,492.

#### ***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. All Forms 990 filed by the School are subject to examination.

#### ***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 7, 2019.

### **3. Grants and Contracts Receivable**

Grants and contracts receivable consist of federal, state and city entitlements and grants. The School expects to collect these receivables within one year.

## Growing Up Green Charter School II

### Notes to Financial Statements June 30, 2019 and 2018

#### 4. Property and Equipment

Property and equipment consists of the following at June 30:

	2019	2018
Equipment	\$ 158,537	\$ 124,140
Furniture and fixtures	133,463	94,474
Software	3,126	3,126
Leasehold improvements	1,419,380	804,951
Construction in progress	27,526	540,354
	<u>1,742,032</u>	<u>1,567,045</u>
Accumulated depreciation and amortization	(243,580)	(120,798)
	<u>\$ 1,498,452</u>	<u>\$ 1,446,247</u>

Construction in progress at June 30, 2019 and 2018 consists of various improvements associated with the facilities at 84-35 152nd street, Jamaica, New York (see Note 10).

#### 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, 2019:

Financial assets at year end:

Cash and cash equivalents	\$ 876,779
Grants and contracts receivable	<u>60,462</u>
	<u>\$ 937,241</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 money market accounts and other liquid instruments until it is required for operational use. To help manage unanticipated liquidity needs, the School has a line 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. Total employer match for the years ended June 30, 2019 and 2018 amounted to \$52,565 and \$49,873.

## **Growing Up Green Charter School II**

Notes to Financial Statements  
June 30, 2019 and 2018

### **7. Concentration of Credit Risk**

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents 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, 2019 and 2018, approximately \$700,000 and \$40,000 of 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, 2019 and 2018, the School received approximately 96% and 92% 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.

### **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, 2019 and 2018.

#### ***Growing Up Green Charter School***

The School is an affiliate of Growing Up Green Charter School ("GUG"), 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 statement with GUG as the School does not have an economic interest in the net assets of GUG. During the years ended June 30, 2019 and 2018, GUG charged \$219,122 and \$247,872 of operating expenses to the School.

In addition, the School entered into four interest free loan agreements between February 2016 and January 2017, totaling \$346,000 with GUG. During the year ended June 30, 2019, these loans were fully paid. The outstanding balance of these loans due to GUG at June 30, 2019 and 2018 was \$0 and \$259,500.

On March 21, 2017, GUG co-signed a \$750,000 commercial line of credit with a financial institution along with the School. GUG 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 as of June 30, 2019 and 2018 but remains open.

The balance due to GUG at June 30, 2019 and 2018 was \$337,612 and \$530,785.

## Growing Up Green Charter School II

### Notes to Financial Statements June 30, 2019 and 2018

#### 10. Commitments

The School is obligated under a non-cancelable operating lease for office and classroom space at 84-35 152<sup>nd</sup> Street, Jamaica, New York, expiring on June 30, 2036, with a renewal option for an additional ten years and subsequently a renewal option for an additional five years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses.

The future minimum lease payments for this facility, not inclusive of renewal options, are as follows for the years ending June 30:

2020	\$ 900,000
2021	918,000
2022	993,673
2023	1,013,546
2024	1,033,817
Thereafter	<u>14,142,961</u>
	<u>\$ 19,001,997</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, 2019 and 2018 was \$1,031,100 for both years.

#### 11. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. 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  
Growing Up Green Charter School II**

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 II (the "School"), 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 7, 2019.

***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) 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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

*PKF O'Connor Davies, LLP*  
Harrison, New York  
October 7, 2019