



October 22, 2021

BDO USA, LLP
600 Third Avenue, 3rd Floor
New York, NY 10016

Ladies and gentlemen:

We are providing this letter in connection with your audit of the financial statements of St. Hope Leadership Academy 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 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of the School in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, activities, functional expenses, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 24, 2021, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- (3) The financial statements include all assets and liabilities under the entity’s control.
- (4) We have made available to you:

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- (a) All financial records and related data, including the names of all related parties and all relationships and transactions with related parties, as agreed upon in the terms of the aforementioned audit engagement letter.
 - (b) All additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) Minutes of the meetings of directors and committees of directors that were held from July 1, 2020 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. The financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit that are included in the attached schedule of corrected misstatements, which we have initialed and dated, have been corrected. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.
- (7) The financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit that are listed immediately below have not been corrected. In our opinion, the effects of not correcting such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements of the School taken as a whole.

Proposed Adjusting Journal Entries

Item #	Account Name and Adjustment Description	Debit	Credit	Profit/(Loss) Impact
1	Proposed and unrecorded adjustment to record the in-kind revenue and expense for the fair value of donated space received from the NYC DOE.			
	In-Kind Rent - Donated Space	\$131,345		
	In-Kind Revenue - Donated Space		\$131,345	\$0

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Description of Proposed Adjusting Journal Entries
The School used a reasonable valuation model to calculate the fair value of donated space received from the DOE. The calculated value resulted in an immaterial amount and, therefore, was not recorded in the financial statements.

- (8) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:
- (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
 - (c) Allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulatory agencies, grantors, law firms, predecessor accounting firms, or others.
 - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects, both quantitatively and qualitatively, should be considered when preparing the financial statements.
- (9) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- (10) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of all related parties and all related party relationships and transactions of which we are aware (e.g., transactions with unconsolidated subsidiaries; affiliates under common control with the entity or that are directly or indirectly controlled by the entity; directors, management, and members of their immediate families), including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

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- (c) All derivative instruments and any embedded derivative instruments that require bifurcation, in accordance with FASB ASC 815, *Derivatives and Hedging*.
- (d) Guarantees, whether written or oral, under which the School is contingently liable.
- (e) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275-10, *Risk and Uncertainties - Overall*. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances. The methods, significant assumptions, and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, and disclosure that is in accordance with accounting principles generally accepted in the United States of America.
- (f) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*, including:
 - Pending or anticipated tax assessments or refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
 - Written or oral guarantees, endorsements, or unused letters of credit;
 - Unusual warranties or guarantees; or
 - Labor claims or negotiations.

FASB ASC 450-20, *Loss Contingencies*, requires loss contingencies to be accrued if it is probable an asset has been impaired, or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

- (g) Commitments, such as:
 - Major fixed asset purchase agreements;
 - More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
 - Deferred compensation, bonuses, pension and profit-sharing plans, or severance pay; or

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- Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;
 - (h) Joint ventures or other participations, the detailed transactions of which are not carried on our books.
 - (i) Foreign currency transaction gains or losses, as well as translation of foreign currency financial statements.
- (11) There are no:
- (a) Violations or possible violations of laws or regulations and provisions of contracts and grant agreements (including the failure to file reports required by regulatory bodies (e.g., EPA, OCC, FDIC, DOL, Medicare, U.S. Customs Service, HIPAA, IRS, Dept. of Commerce, state and municipal authorities) when the effects of failing to file could be material to the financial statements) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB ASC 450.
 - (c) Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
 - (d) Designation of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- (12) Receivables recorded in the financial statements represent valid claims against debtors or grantors for sales, contributions, pledges, or other charges arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
- (13) During the fiscal year ended June 30, 2021, the NYCDOE owed the School Per Pupil, Title I, Title II, Title IV, CSP, and ESSER grant funds totaling \$444,546.
- (14) With regard to items reported at fair value: (a) the underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action, (b) the measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied, (c) the disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP and (d) there

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are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

- (15) St. Hope Leadership Academy Charter School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (16) We have complied with all aspects of grant agreements and other contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance.
- (17) No discussions have taken place with your firm's personnel regarding employment with St. Hope Leadership Academy Charter School.
- (18) St. Hope Leadership Academy Charter School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code as evidenced by determination letter dated April 9, 2009. Any activities of which we are aware that would jeopardize our tax-exempt status, all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up to date.
- (19) We have complied with all restrictions on resources, including donor restrictions, and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
- (20) There were no net assets with donor restrictions of the School at June 30, 2021.
- (21) The basis used for the allocation of functional expenses is reasonable and is in compliance with the provisions of ASU 2016-14.
- (22) As part of your audit, you assisted with the preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for the financial statements and related notes.
- (23) We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

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- (24) Expenditures of federal awards were below the \$750,000 threshold in the audit period for the year ended June 30, 2021, and we were not required to be audited in accordance with the Uniform Guidance.
- (25) There have been no known or suspected breaches of sensitive information (e.g., personnel files) caused by cyber-attack or other means, or other cybersecurity incidents, where the breach or other incidents could have a material effect on the financial statements.
- (26) In conjunction with your audit of the financial statements of St. Hope Leadership Academy Charter School as of June 30, 2021 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of St. Hope Leadership Academy Charter School in conformity with accounting principles generally accepted in the United States of America, we confirm, to the best of our knowledge and belief, as of the date of this representation letter, the following representations made to you during our audit:
- To the extent our normal procedures and controls related to our financial close or other reporting processes at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
 - Other than as disclosed in Note 9 to the financial statements, no other impacts from COVID-19 outbreak are necessary to be reflected in those financial statements.
 - Disclosures included in the financial statements regarding relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.
- (27) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
 - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
 - We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.

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- We have assessed the security over financial statement information and the audit report presented on our web site and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
- If the electronic financial statements are generally made available to the public on our web site, we will include a notification to the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

(28) We have fully disclosed to you all terms of contracts with customers that affect the amount and timing of revenue recognized in the financial statements, including delivery terms, rights of return or price adjustments, side agreements, implicit provisions, unstated customary business practices, and all warranty provisions.

(29) The accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements.

(30) We are aware that Marc Taub is the engagement partner and is responsible for supervising the engagement and signing the report.

To the best of our knowledge and belief, no events have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements.

Very truly yours,

Meghann Persenaire 10/22/21

Meghann Persenaire, Principal

Maureen Higgins 10/22/21

Maureen Higgins, Treasurer

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