
**METROPOLITAN LIGHTHOUSE
CHARTER SCHOOL, INC. AND AFFILIATE**

Consolidated Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2019 and 2018



Desire & Company CPAs, PLLC

Certified Public Accountants & Consultants

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS**

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YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Metropolitan Lighthouse Charter School, Inc.
and Affiliate
Bronx, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Metropolitan Lighthouse Charter School, Inc. and affiliate (collectively, the "School") which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated 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 their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in note 2 to the financial statements, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-for-Profit Entities*, during the year ended June 30, 2019. The adoption of the standard resulted in additional footnote disclosures and significant changes to the classification of net assets and disclosures related to net assets. The adoption was retrospectively applied to July 1, 2017; the earliest year presented. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019, on our consideration of the School's internal control over financial reporting and on our tests of their 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 effectiveness of the School's internal control over financial reporting 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 over financial reporting and compliance.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 19-22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



New York, New York
October 28, 2019

Desire & Company CPAs
Certified Public Accountants & Consultants

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents (including restricted cash of \$3,499,980 and \$3,996,996, respectively) (Notes 3)	\$ 5,751,420	\$ 9,197,053
Investment in securities (Note 2E, 2F, 6 and 14)	4,042,134	-
Receivables (Note 5)	164,744	482,906
Prepaid expenses	45,168	45,300
Security deposits	31,523	21,049
Fixed assets - net (Note 7)	24,685,497	24,813,683
Other asset - escrow account (Note 4)	<u>70,330</u>	<u>70,260</u>
TOTAL ASSETS	<u><u>\$ 34,790,816</u></u>	<u><u>\$ 34,630,251</u></u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 332,836	\$ 451,450
Accrued payroll and payroll taxes	628,776	559,451
Accrued compensated absences	80,992	90,673
Deferred Revenue	164,668	-
Other payable (Note 10)	1,610,000	1,610,000
Bonds payable (Note 9)	<u>26,391,732</u>	<u>26,411,936</u>
TOTAL LIABILITIES	<u>29,209,004</u>	<u>29,123,510</u>
COMMITMENTS AND CONTINGENCIES (Note 15)		
NET ASSETS (Note 2C)		
Net assets without donor restrictions	<u>5,581,812</u>	<u>5,506,741</u>
TOTAL NET ASSETS	<u>5,581,812</u>	<u>5,506,741</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 34,790,816</u></u>	<u><u>\$ 34,630,251</u></u>

The accompanying notes are an integral part of these financial statements.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
REVENUE AND SUPPORT:		
Student enrollment fees (Note 2J)	\$ 9,063,189	\$ 7,819,033
Federal grants	462,089	431,923
Public support	1,355,762	1,240,149
Investment income	96,537	15,133
Miscellaneous income	171,889	-
In-kind contributions (Note 13)	43,661	40,514
Total revenue and support	11,193,127	9,546,752
EXPENSES:		
Program services:		
Educational services	7,973,374	8,036,263
Metropolitan Support Corporation	1,924,553	860,296
Total program services	9,897,927	8,896,559
Supporting services:		
Management and general	1,220,129	897,347
Total supporting services	1,220,129	897,347
Total expenses	11,118,056	9,793,906
Change in Net Assets Without Donor Restrictions before gain on write-off of capital lease - building	75,071	(247,154)
Gain on write-off of capital lease - building (Note 7 and 8)	-	5,149,840
CHANGE IN NET ASSETS	75,071	4,902,686
NET ASSETS - Beginning of Year	5,506,741	604,055
NET ASSETS - End of Year	\$ 5,581,812	\$ 5,506,741

The accompanying notes are an integral part of these financial statements.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES			SUPPORTNG SERVICES	TOTAL
	EDUCATIONAL SERVICES	METROPOLITAN SUPPORT CORPORATION	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	
Salaries	\$ 4,611,881	\$ -	\$ 4,611,881	\$ 462,828	\$ 5,074,709
Payroll taxes and fringe benefits	888,433	-	888,433	53,468	941,901
Total Salaries and Related Costs	5,500,314	-	5,500,314	516,296	6,016,610
Professional fees and consultants	62,430	-	62,430	74,769	137,199
Management fees (Note 11)	241,072	-	241,072	241,072	482,144
Contracted services - other	295,290	3,590	298,880	4,500	303,380
Supplies and equipment purchases	348,386	-	348,386	8,920	357,306
Depreciation and amortization (Note 2H)	142,696	490,380	633,076	-	633,076
Insurance	-	-	-	87,317	87,317
Interest (Note 8 and 9)	-	1,371,174	1,371,174	-	1,371,174
Occupancy and utilities	314,579	-	314,579	63,398	377,977
Cleaning services	188,717	-	188,717	20,969	209,686
Printing	28,458	-	28,458	9,486	37,944
Staff development and recruitment	161,486	-	161,486	10,455	171,941
Telephone	69,145	-	69,145	6,013	75,158
In-kind contribution - textbooks (Note 13)	43,661	-	43,661	-	43,661
Travel and parking	82,413	-	82,413	2,549	84,962
Dues and subscriptions	121,057	-	121,057	3,744	124,801
Other	373,670	59,409	433,079	170,642	603,721
Total Other Expenses	2,473,060	1,924,553	4,397,613	703,833	5,101,446
Total Expenses	\$ 7,973,374	\$ 1,924,553	\$ 9,897,927	\$ 1,220,129	\$ 11,118,056

The accompanying notes are an integral part of these financial statements.

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	PROGRAM SERVICES			SUPPORTING SERVICES	TOTAL
	EDUCATIONAL SERVICES	180 W. 165TH STREET LLC	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	
Salaries	\$ 4,197,880	\$ -	\$ 4,197,880	\$ 145,085	\$ 4,342,965
Payroll taxes and fringe benefits	844,721	-	844,721	29,195	873,916
Total Salaries and Related Costs	5,042,601	-	5,042,601	174,280	5,216,881
Professional fees and consultants	46,067	-	46,067	1,374	47,441
Management fees (Note 11)	226,477	-	226,477	211,824	438,301
Contracted services - other	301,515	-	301,515	34,194	335,709
Supplies and equipment purchases	459,527	-	459,527	10,181	469,708
Depreciation and amortization (Note 2H)	120,241	286,055	406,296	-	406,296
Insurance	-	-	-	95,116	95,116
Interest (Notes 8 and 9)	882,165	557,153	1,439,318	98,018	1,537,336
Occupancy and utilities	274,106	-	274,106	92,780	366,886
Cleaning services	244,599	-	244,599	27,178	271,777
Printing	26,594	-	26,594	8,865	35,459
Staff development and recruitment	112,204	-	112,204	8,690	120,894
Telephone	66,052	-	66,052	5,744	71,796
In-kind contribution - textbooks (Note 13)	40,514	-	40,514	-	40,514
Other	193,601	17,088	210,689	129,103	339,792
Total Other Expenses	2,993,662	860,296	3,853,958	723,067	4,577,025
Total Expenses	\$ 8,036,263	\$ 860,296	\$ 8,896,559	\$ 897,347	\$ 9,793,906

The accompanying notes are an integral part of these financial statements.

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 75,071	\$ 4,902,686
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	633,076	406,296
Amortization of bond premium/discount	(20,204)	(10,102)
Unrealized gain on investment	(25,405)	-
Gain on write-off of capital lease - building	-	(5,149,840)
Changes in operating assets and liabilities:		
Receivables	318,162	(371,682)
Prepaid expenses	132	155,050
Security deposits	(10,474)	1,003,000
Accounts payable and accrued expenses	(118,613)	203,095
Accrued payroll and payroll taxes	69,325	141,232
Accrued compensated absences	(9,681)	36,686
Deferred Revenue	164,668	-
	1,076,057	1,316,421
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,016,729)	-
Purchase of fixed assets	(504,961)	(24,372,995)
	(4,521,690)	(24,372,995)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease - present value adjustments	-	(51,407)
Proceeds from mortgage payable	-	25,725,000
Proceeds from Bond premium	-	2,053,127
Bond issuance costs	-	(1,356,089)
Proceeds from debt service reserve fund	-	1,610,000
	-	27,980,631
NET (DECREASE) INCREASE IN CASH	(3,445,633)	4,924,057
CASH, Beginning of Year	9,197,053	4,272,996
CASH, End of Year	5,751,420	9,197,053
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 1,284,350	\$ 1,537,336

The accompanying notes are an integral part of these financial statements.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 – ORGANIZATION

Metropolitan Lighthouse Charter School, Inc. (the “School”), a New York not-for-profit Education Corporation, together with its wholly owned subsidiaries, 180 W. 165th Street LLC, (the “Company” or “Affiliate”) Metropolitan Support Corporation (the “Corporation”) (collectively , the “School”) offers education services in classes from kindergarten through twelve grade in the Bronx, New York. The School is a public charter school incorporated on June 24, 2009, pursuant to the New York Charter School Act of 1998. The School’s major source of revenue is provided by the New York City Department of Education (NYC DOE).

The School qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal and state income taxes.

The School was the sole member of 180 W. 165th Street LLC, a limited liability company organized and existing under the law of the State of New York which was formed on June 14, 2017. The purpose of the Company was to become the borrower in a bond offering. The Company used the proceeds to acquire the School’s building, make improvements in the form of a roof-top gymnasium, and leased the space back to the School.

Metropolitan Support Corporation is a not for profit organization incorporated in New York on June 15, 2017 for the purposes of acquiring the School’s sole membership interest in 180 W. 165th Street LLC and to engage in programs and activities to assist the School in carrying its mission.

In January 2019, the School’s Board of Directors passed a resolution to transfer the sole membership interest in the Company to Metropolitan Support Corporation, a related entity. As a result, for financial statement purposes the activities of the Company and the Corporation are combined on the June 30, 2019 consolidating statement of activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) ***Basis of Accounting*** – The accompanying consolidated financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

B) ***Principles of Consolidation*** – The consolidated financial statements reflect the accounts and operations of the School and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

C) ***Financial Statement Presentation*** – The School reports its financial position and operating activities according to two classes of net assets:

These classifications are defined as follows:

Net assets without donor restrictions - represents resources available for support of the School’s operation over which the Board of Directors has discretionary control.

Net assets with donor restrictions – represents net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the School or the passage of time, stipulations that they be maintained intact in perpetuity by the School. As of June 30, 2019 and 2018 there were no assets with donor restrictions.

D) ***Cash and Cash Equivalents*** – Cash equivalents include all high liquid instruments with maturities of three months or less when acquired.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) **Investments** – Investments are carried at fair value. Net appreciation/(depreciation) in the fair value of investments, which includes realized and unrealized gains and losses on those investments, is reported in the consolidated statement of activities as increase or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law. Cost basis is determined on the date of purchase. Investment securities are exposed to various market risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in risks in the near term could materially affect investment balances.

F) **Fair Value Measurements** – Investment are stated at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 14.

G) **Allowance for Doubtful Accounts** – Management determined that no allowance for uncollectible receivables was necessary as of June 30, 2019 and 2018. The School evaluates the need for an allowance for uncollectible accounts based on a combination of factors such as management's assessment of the aged basis of its accounts receivable, creditworthiness of funders and contributors, current economic conditions and historical experience.

H) **Fixed Assets** – Fixed assets such as furniture and equipment are carried at cost less accumulated depreciation, which is provided on the straight-line method over the estimated useful lives of the respective assets (3 – 7 years). Building and building improvements are depreciated over 39 years. Leasehold improvements are capitalized at cost and amortized over the lesser of the term of the lease or the estimated useful life of the improvement. It is the School's policy to capitalize property, plant and equipment and leasehold improvements in excess of \$1,000 on a per unit basis. Expenditures for repairs and maintenance are expensed as incurred.

I) **Debt Issuance Costs** – Debt issuance costs are comprised of expenses incurred with respect to the issuance of the bonds. These costs are amortized using the effective interest method over the terms of the related bonds. The debt issuance costs are presented in the consolidated statements of financial position as a direct deduction from bonds payable.

J) **Revenue** – The School is funded by the NYC DOE based on the approved per pupil operating expenses of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil operating expenses and the full time equivalent student enrollment of the School. The School is also the recipient of awards from other various government entities. The awards are subject to compliance requirements and financial audits by the funding source. The accompanying financial statements make no provision for possible disallowances.

Student enrollment fees received for future years are deferred to the applicable year and are shown as deferred revenue on the Consolidated Statements of Financial Position.

In-kind contributions are reflected as contributions at their fair value at the date of the donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

K) **Tax Status** – The School believes it has no uncertain tax positions as of June 30, 2019 and 2018 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L) **Functional Allocation of Expenses** – The costs of providing the various programs of the School have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management. Expenses that can be identified with a specific program are charged directly to the particular program.

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, repairs and maintenance which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes and others which are allocated on the basis of time spent in each functional category or program.

M) **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N) **Reclassifications** – Certain line items in the June 30, 2018 financial statements have been reclassified to conform to the June 30, 2019 presentation.

O) **Recent Accounting Pronouncements** – Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, “Not-for-Profit Entities” was adopted for the year ended June 30, 2019. ASU 2016-14 provides for a number of changes, including the presentation of two classes of net assets and enhanced disclosure on liquid resources and expense allocation. These changes had no impact on the change in net assets for the year ended June 30, 2019.

NOTE 3 – RESTRICTED CASH

Restricted cash includes amounts the School is required to segregate in connection with the issuance of the Revenue Bonds Series A and B. These accounts are held by the Trustee. At June 30, 2019 and 2018, restricted cash consists of the following:

	<u>2019</u>	<u>2018</u>
A) Gymnasium project fund	\$1,876,933	\$2,351,203
B) Expenses fund	9,910	18,750
C) Credit enhancement fee fund	-	17,043
D) Debt service reserve fund	<u>1,613,137</u>	<u>1,610,000</u>
Total	<u>\$3,499,980</u>	<u>\$3,996,996</u>

A) The Gymnasium project fund is set aside for the construction of a roof top gymnasium. As of June 30, 2019 and 2018, the balance in the fund is \$1,876,933 and \$2,351,203, respectively.

B) The expense fund was created for the purpose of paying annual fees to the bond issuer and rating agency. As of June 30, 2019 and 2018, the balance in the expense fund was \$9,910 and \$18,750, respectively.

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 – RESTRICTED CASH (Continued)

- C) This fund was established as a result of an enhance fee agreement which requires semimonthly payment in the form of a fee. As of June 30, 2019 and 2018, the balance is \$0 and \$17,043, respectively.
- D) The School is required to set aside a debt service reserve fund to secure payments of the bond offering . As of June 30, 2019 and 2018, the balance in the debt service reserve fund was \$1,613,137 and \$1,610,000, respectively.

NOTE 4 – OTHER ASSET – ESCROW ACCOUNT

At the request of the NYC DOE, the School is required to establish a dissolution escrow fund in the amount of \$70,000 as a contingency fund for dissolution expenses. As of June 30, 2019 and 2018, the balance of the account was \$70,330 and \$70,260, respectively.

NOTE 5 – RECEIVABLES

Receivables consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Federal – Title I and II grants	\$ 139,938	\$ 291,660
State Supplemental grant	-	186,094
Other	<u>24,806</u>	<u>5,152</u>
Total	<u>\$ 164,744</u>	<u>\$ 482,906</u>

NOTE 6 – INVESTMENTS

Investments consist of the following at June 30, 2019:

Fixed income – Corporate bonds	<u>\$4,042,134</u>
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Investment activity consists of the following for the year ended June 30, 2019:

Interest and dividends	\$ 50,541
Unrealized gain on investments	<u>45,996</u>
Total	<u>\$ 96,537</u>

Investments are subject to market volatility that could substantially change their carrying value in the near term.

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 – FIXED ASSETS

Fixed assets consist of the following at June 30:

	2019	2018
Land	\$ 4,900,000	\$ 4,900,000
Building and improvements	19,431,108	19,407,672
Construction in progress	853,501	295,057
Furniture and equipment	573,593	367,445
Capital lease – equipment	262,976	262,976
	26,021,178	25,233,150
Less: accumulated depreciation and amortization	(1,335,681)	(419,467)
Net book value	\$ 24,685,497	\$ 24,813,683

Depreciation and amortization expense for the years ending June 30, 2019 and 2018 was \$633,076 and \$406,296, respectively.

NOTE 8 – CAPITAL LEASES

During 2014, the School acquired various equipment totaling \$262,976 under multiple capital lease agreements. Accumulated depreciation in the statements of financial position includes \$254,307 and \$219,633 related to the equipment as of June 30, 2019 and 2018, respectively. Amortization of the asset included in depreciation and amortization expenses amounted to \$34,675 in 2019 and \$42,142 in 2018. The leases call for thirty-six to forty-eight monthly payments with an interest rate varying from 7.5% to 8.4%. As of June 30, 2019 and 2018, the leases were paid in full.

On September 1, 2014, the School entered into a lease arrangement to occupy a new school facility. The lease was to expire on August 31, 2043. The School had an option to buy the building in any of the 37th through 48th calendar months of the term of the lease for \$23.9 million. The price increases to \$24.4 million if the option is exercised in any of the 49th to 60th calendar months of the lease.

In 2018, the School exercised its option to purchase the building, the capital lease liability as well as the related assets and accumulating depreciation was removed from the School's books and a net gain of \$ 5,149,840 was recognized in fiscal 2018.

NOTE 9 – BONDS PAYABLE

On December 1, 2017, the School obtained financing of \$25,725,000 from Build NYC Resource Corporation (the "Corporation"), a local development corporation of the City of New York, to finance the purchase of the School building and make improvements. In order to facilitate the purchase, the Corporation issued revenue Bonds, Series 2017A \$24,895,000 and Revenue Bonds Series 2017B \$830,000 to finance the project and pay issuance costs. The proceeds from the bond issuance were loaned to the School. The School executed a promissory note in favor of the Corporation who endorsed the note to the bond trustees. The agreement calls for the School to use the proceeds net of issuance cost to finance the project.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

9 – BONDS PAYABLE (Continued)

The bonds which required periodic payments bear interest ranging from 4% to 5% and are secured by the building. Bonds payable consist of the following at June 30:

Series	<u>2019</u>	<u>2018</u>
Revenue Bonds Series 2017A, Interest rate ranging from 4% to 5%, Due June 1, 2022 through 2027, June 1, 2032, 2037, 2047 and 2052.	\$24,895,000	\$24,895,000
Revenue Bonds Series 2017B, Interest rate of 5%, due June 1, 2022	<u>830,000</u>	<u>830,000</u>
Total	25,725,000	25,725,000
Add: unamortized bond premium	1,963,861	2,023,372
Less: debt issuance cost, net of accumulated amortization	<u>1,297,129</u>	<u>1,336,436</u>
Bonds payable	<u>\$26,391,732</u>	<u>\$26,411,936</u>

The bonds principals maturing after June 1, 2025 are subject to mandatory redemptions by the Corporation prior to maturity.

Unamortized premium costs relating to the issuance of the Series A bond are \$1,963,861 and \$2,023,372 at June 30, 2019 and 2018, respectively. The unamortized premium costs are amortized over the term of the indebtedness of the total amount issued and included in bonds payable in the Consolidated Statements of Financial Position. Debt issuance costs, net of accumulated amortization total \$1,297,129 and \$1,336,436 as of June 30, 2019 and 2018, respectively, and are recorded as reduction in bonds payable on the accompanying statement of financial position.

Debt issuance costs consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Debt issuance costs	\$1,356,089	\$1,356,089
Less: accumulated amortization	<u>58,960</u>	<u>19,653</u>
Total	<u>\$1,297,129</u>	<u>\$1,336,436</u>

The aggregate amount of principal payments subsequent to June 30, 2019 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	\$ 325,000
2021	340,000
2022	355,000
2023	370,000
2024	390,000
Thereafter	<u>23,945,000</u>
Total	<u>\$25,725,000</u>

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

9 – BONDS PAYABLE (Continued)

Interest expense on the Series A and B bonds for the year ended June 30, 2019 and 2018 was \$1,371,174 and \$567,254, respectively.

NOTE 10 – OTHER PAYABLE

In order to induce the Corporation to issue the bonds, the School entered into an agreement with the Charter School Financing Partnership LLC (the ‘Enhancer’) to help fund the debt service reserve fund. In December 2017, the Enhancer deposit \$1,610,000 into the debt service reserve account and pledged that amount to the bond issuer. The school record the transaction as restricted cash and other payable, respectively. At the end of the bond term, the debt service reserve fund will be returned to the Enhancer.

NOTE 11 – MANAGEMENT FEES

The School contracted the management of certain academic and business operations to Lighthouse Academies, Inc. The contract calls for an annual fee, a bonus provision for meeting certain milestones, and reimbursed expenses. For the years ended June 30, 2019 and 2018, total expenses was \$510,373 and \$438,301, respectively.

NOTE 12 – RETIREMENT PLAN

The School has a 401(k) Plan for employees who are at least 21 years old and have completed one month of service. The plan includes a safe harbor employer matching provision. The employer must match employee contributions dollar for dollar, not to exceed 4% of compensation. Safe harbor contributions are immediately vested with the participants. At June 30, 2019 and 2018, the School had a safe harbor matching employer contribution liability of \$0 and \$5,378, respectively. For the years ended June 30, 2019 and 2018, employer contributions totaled \$53,575 and \$48,501, respectively.

NOTE 13 – IN-KIND CONTRIBUTIONS

The School received donated textbooks and other technology related donations throughout the year. The fair market value of these donations was \$43,661 and \$40,501 for the years ended June 30, 2019 and 2018, respectively.

NOTE 14 – FAIR VALUE MEASUREMENTS

The fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels described as follows:

Level 1 – Valuations based on quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 – Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the School utilizes valuation techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs to the extent possible in its assessment of fair value.

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 14 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measure at fair value.

Equities: Equities are valued at the closing price reported in the active market on which the individual securities are traded.

Mutual Funds: Mutual funds are valued at the daily closing price reported in the active market in which the funds are traded. The funds are Net Asset Value (“NAV”) and expected to be transferred at that price.

Fixed Income: Investments are valued at the closing price reported in the active market in which the bonds are traded.

Financial assets carried at fair value at June 30, 2019 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Asset carried at Fair Value:				
Fixed Income				
Corporate bonds	\$ -	\$ 4,042,134	\$ -	\$ 4,042,134
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 4,042,134</u>	<u>\$ -</u>	<u>\$ 4,042,134</u>

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period depending on when the economic condition occurred affecting the valuation.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended June 30, 2019, there were no transfers.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Financial instruments that potentially subjects the School to a concentration of credit risk includes cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC insures deposits up to \$250,000 per depositor per insured bank. As of June 30, 2019 and 2018, the School had cash accounts that from time to time could have exceeded the FDIC insurance limits. Management believes that these financial institutions have strong credit ratings and that credit risk to these accounts is minimal.

Concentration of risk also exists between the School and the New York City Department of Education. For the years ended June 30, 2019 and 2018, the School received 81% and 82%, respectively, of its funding from the New York City Department of Education in the form of student enrollment fees.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 16 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The School has various sources of liquidity at its disposal, including cash and cash equivalents, investments and accounts receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing program activities as well as the supporting services to be general expenditures.

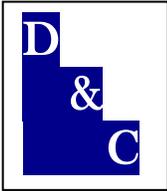
In addition to financial assets available to meet general expenditures over the next 12 months, the School anticipates collecting sufficient revenue to cover general expenditures not covered by restricted resources. Refer to the consolidated statement of cash flows which identifies the sources and uses the School's cash.

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

Cash and cash equivalents	\$ 5,751,420
Investment at fair value	4,042,134
Receivables	164,744
Less: restricted cash	<u>(3,499,980)</u>
Total	<u>\$ 6,458,318</u>

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the consolidated statement of financial position through October 28, 2019, the date the consolidated financial statements were available to be issued. No events have occurred subsequent to the consolidated statement of financial position date through October 28, 2019 that would require adjustment to or disclosure in the consolidated financial statements.



Desire & Company CPAs, PLLC

Certified Public Accountants & Consultants

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

The Board of Trustees
Metropolitan Lighthouse Charter School, Inc. and Affiliate
Bronx, New York

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 consolidated financial statements of the Metropolitan Lighthouse Charter School, Inc. and Affiliate (Collectively, the "School"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 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 consolidated 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 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 of 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 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.

Desire + Company CPAs

New York, New York
October 28, 2019

Desire & Company CPAs
Certified Public Accountants & Consultants

SUPPLEMENTARY INFORMATION

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019**

	METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.	METROPOLITAN SUPPORT CORPORATION	PRE- CONSOLIDATED TOTAL	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
ASSETS					
Cash and cash equivalents (including restricted cash of \$3,499,980) (Notes 3)	\$ 2,227,440	\$ 3,523,980	\$ 5,751,420	\$ -	\$ 5,751,420
Investment in securities	4,042,134	-	4,042,134	-	4,042,134
Receivables (Note 5)	164,744	-	164,744	-	164,744
Prepaid expenses	45,168	-	45,168	-	45,168
Security deposits	31,523	-	31,523	-	31,523
Fixed assets - net (Notes 2H and 7)	916,873	23,768,624	24,685,497	-	24,685,497
Other asset - escrow account (Note 4)	70,330	-	70,330	-	70,330
	<u>7,498,212</u>	<u>27,292,604</u>	<u>34,790,816</u>	<u>-</u>	<u>34,790,816</u>
TOTAL ASSETS	\$ 7,498,212	\$ 27,292,604	\$ 34,790,816	\$ -	\$ 34,790,816
LIABILITIES					
Accounts payable and accrued expenses	\$ 225,807	\$ 107,029	332,836	\$ -	\$ 332,836
Accrued payroll and payroll taxes	628,776	-	628,776	-	628,776
Accrued compensated absences	80,992	-	80,992	-	80,992
Deferred Revenue	164,668	-	164,668	-	164,668
Other Payable (Note 10)	-	1,610,000	1,610,000	-	1,610,000
Bonds payable (Note 9)	-	26,391,732	26,391,732	-	26,391,732
	<u>1,100,243</u>	<u>28,108,761</u>	<u>29,209,004</u>	<u>-</u>	<u>29,209,004</u>
TOTAL LIABILITIES	1,100,243	28,108,761	29,209,004	-	29,209,004
NET ASSETS (Note 2C)					
Net Assets Without Donor Restrictions	6,397,969	(816,157)	5,581,812	-	5,581,812
	<u>6,397,969</u>	<u>(816,157)</u>	<u>5,581,812</u>	<u>-</u>	<u>5,581,812</u>
TOTAL NET ASSETS	6,397,969	(816,157)	5,581,812	-	5,581,812
TOTAL LIABILITIES AND NET ASSETS	\$ 7,498,212	\$ 27,292,604	\$ 34,790,816	\$ -	\$ 34,790,816

The accompanying notes are an integral part of these financial statements.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018

	METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.	180 W. 165TH STREET LLC	PRE- CONSOLIDATED TOTAL	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
ASSETS					
Cash and cash equivalents (including restricted cash of \$3,996,996) (Note 3)	\$ 5,200,057	\$ 3,996,996	\$ 9,197,053	\$ -	\$ 9,197,053
Receivables (Note 5)	482,906	-	482,906	-	482,906
Prepaid expenses	45,300	-	45,300	-	45,300
Security deposits	21,049	-	21,049	-	21,049
Fixed assets - net (Notes 2H and 7)	779,847	24,033,836	24,813,683	-	24,813,683
Other asset - escrow account (Note 4)	70,260	-	70,260	-	70,260
	<u>70,260</u>	<u>-</u>	<u>70,260</u>	<u>-</u>	<u>70,260</u>
TOTAL ASSETS	<u>\$ 6,599,419</u>	<u>\$ 28,030,832</u>	<u>\$ 34,630,251</u>	<u>\$ -</u>	<u>\$ 34,630,251</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 185,305	\$ 266,145	451,450	\$ -	\$ 451,450
Accrued payroll and payroll taxes	559,451	-	559,451	-	559,451
Accrued compensated absences	90,673	-	90,673	-	90,673
Other Payable (Note 10)	-	1,610,000	1,610,000	-	1,610,000
Bonds payable (Note 9)	-	26,411,936	26,411,936	-	26,411,936
	<u>-</u>	<u>26,411,936</u>	<u>26,411,936</u>	<u>-</u>	<u>26,411,936</u>
TOTAL LIABILITIES	<u>835,429</u>	<u>28,288,081</u>	<u>29,123,510</u>	<u>-</u>	<u>29,123,510</u>
NET ASSETS (Note 2C)					
Net Assets Without Donor Restrictions	5,763,990	(257,249)	5,506,741	-	5,506,741
	<u>5,763,990</u>	<u>(257,249)</u>	<u>5,506,741</u>	<u>-</u>	<u>5,506,741</u>
TOTAL NET ASSETS	<u>5,763,990</u>	<u>(257,249)</u>	<u>5,506,741</u>	<u>-</u>	<u>5,506,741</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,599,419</u>	<u>\$ 28,030,832</u>	<u>\$ 34,630,251</u>	<u>\$ -</u>	<u>\$ 34,630,251</u>

The accompanying notes are an integral part of these financial statements.

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.	METROPOLITAN SUPPORT CORPORATION	PRE- CONSOLIDATED TOTAL	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
REVENUE AND SUPPORT:					
Student enrollment fees (Note 2J)	\$ 9,063,189	\$ -	\$ 9,063,189	\$ -	\$ 9,063,189
Federal grants	462,089	-	462,089	-	462,089
Public support	1,355,762	-	1,355,762	-	1,355,762
Investment income	72,579	23,958	96,537	-	96,537
Rental income from BLCS	-	1,341,687	1,341,687	(1,341,687)	-
Miscellaneous income	171,889	-	171,889	-	171,889
In-kind contributions (Note 13)	43,661	-	43,661	-	43,661
	<u>11,169,169</u>	<u>1,365,645</u>	<u>12,534,814</u>	<u>(1,341,687)</u>	<u>11,193,127</u>
EXPENSES:					
Program services:					
Educational Services	9,315,061	-	9,315,061	(1,341,687)	7,973,374
Metropolitan Support Corporation	-	1,924,553	1,924,553	-	1,924,553
Total program expenses	<u>9,315,061</u>	<u>1,924,553</u>	<u>11,239,614</u>	<u>(1,341,687)</u>	<u>9,897,927</u>
Supporting services:					
Management and general	1,220,129	-	1,220,129	-	1,220,129
Total supporting services	<u>1,220,129</u>	<u>-</u>	<u>1,220,129</u>	<u>-</u>	<u>1,220,129</u>
Total expenses	<u>10,535,190</u>	<u>1,924,553</u>	<u>12,459,743</u>	<u>(1,341,687)</u>	<u>11,118,056</u>
Change in Net Assets Without Donor Restrictions	633,979	(558,908)	75,071	-	75,071
NET ASSETS - Beginning of Year	<u>5,763,990</u>	<u>(257,249)</u>	<u>5,506,741</u>	<u>-</u>	<u>5,506,741</u>
NET ASSETS - End of Year	<u>\$ 6,397,969</u>	<u>\$ (816,157)</u>	<u>\$ 5,581,812</u>	<u>\$ -</u>	<u>\$ 5,581,812</u>

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

	METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.	180 W. 165TH STREET LLC	PRE- CONSOLIDATED TOTAL	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
REVENUE AND SUPPORT:					
Student enrollment fees (Note 2J)	\$ 7,819,033	\$ -	\$ 7,819,033	\$ -	\$ 7,819,033
Federal grants	431,923	-	431,923	-	431,923
Public support	1,240,149	-	1,240,149	-	1,240,149
Interest income and other	15,133	-	15,133	-	15,133
Rental income from BLCS	-	603,047	603,047	(603,047)	-
In-kind contributions (Note 13)	40,514	-	40,514	-	40,514
	<u>9,546,752</u>	<u>603,047</u>	<u>10,149,799</u>	<u>(603,047)</u>	<u>9,546,752</u>
EXPENSES:					
Program services:					
Educational Services	8,639,310	-	8,639,310	(603,047)	8,036,263
180 W. 165th Street LLC	-	860,296	860,296	-	860,296
Total program expenses	<u>8,639,310</u>	<u>860,296</u>	<u>9,499,606</u>	<u>(603,047)</u>	<u>8,896,559</u>
Supporting services:					
Management and general	897,347	-	897,347	-	897,347
Total supporting services	<u>897,347</u>	<u>-</u>	<u>897,347</u>	<u>-</u>	<u>897,347</u>
Total expenses	<u>9,536,657</u>	<u>860,296</u>	<u>10,396,953</u>	<u>(603,047)</u>	<u>9,793,906</u>
Change in Net Assets Without Donor Restrictions before gain on write-off of capital lease - building	10,095	(257,249)	(247,154)	-	(247,154)
Gain on write-off of capital lease - building (Notes 7 and 8)	<u>5,149,840</u>	<u>-</u>	<u>5,149,840</u>	<u>-</u>	<u>5,149,840</u>
Change in Net Assets Without Donor Restrictions	5,159,935	(257,249)	4,902,686	-	4,902,686
NET ASSETS - Beginning of Year	<u>604,055</u>	<u>-</u>	<u>604,055</u>	<u>-</u>	<u>604,055</u>
NET ASSETS - End of Year	<u>\$ 5,763,990</u>	<u>\$ (257,249)</u>	<u>\$ 5,506,741</u>	<u>\$ -</u>	<u>\$ 5,506,741</u>