PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

BRONX, NEW YORK

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

OTHER CONSOLIDATING FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022
(With Comparative Totals for 2021)

MMB

MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pharos Academy Charter School and Affiliates

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Pharos Academy Charter School and Affiliates, which comprise the consolidated statement of financial position as June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pharos Academy Charter School and Affiliates as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pharos Academy Charter School and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pharos Academy Charter School and Affiliates' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pharos Academy Charter School and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pharos Academy Charter School and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Pharos Academy Charter School and Affiliates' June 30, 2021 consolidated financial statements and we expressed an unmodified audit opinion on those consolidated audited financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it is derived.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 on our consideration of Pharos Academy Charter School and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Pharos Academy Charter School and Affiliates' internal control over financial reporting and compliance.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 28, 2022

PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(With Comparative Totals for 2021)

ASSETS	June 30, 2022	June 30, 2021
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of $948,726 and 879,701 respectively)	$ 1,684,229	$ 3,666,119
Investments	2,357,391	2,543,008
Grants and contracts receivable	1,888,732	825,605
Insurance recovery receivable	151,723	-
Prepaid expenses	64,909	109,650
TOTAL CURRENT ASSETS	6,146,984	7,144,382
PROPERTY AND EQUIPMENT, net	11,148,658	10,721,170
OTHER ASSETS		
Deposits	53,758	47,885
Cash in escrow	71,182	71,057
	124,940	118,942
TOTAL ASSETS	$ 17,420,582	$ 17,984,494

The accompanying notes are an integral part of the consolidated financial statements.

LIABILITIES AND NET ASSETS	June 30, 2022	2021
CURRENT LIABILITIES		
Current portion of bonds payable	$ 170,000	$ 165,000
Accounts payable and accrued expenses	808,620	835,432
Accrued payroll and benefits	648,044	1,044,014
Accrued compensated absences	152,942	157,118
TOTAL CURRENT LIABILITIES	1,779,606	2,201,564
OTHER LIABILITIES		
Bonds payable, net of unamortized bond issuance costs of $662,153 and $687,621 and net of current portion	7,564,001	7,713,962
	7,564,001	7,713,962
TOTAL LIABILITIES	9,343,607	9,915,526
NET ASSETS		
Without donor restrictions - board designated reserve	228,327	227,927
Without donor restrictions - undesignated	7,844,042	7,836,435
With donor restrictions	4,606	4,606
TOTAL NET ASSETS	8,076,975	8,068,968
TOTAL LIABILITIES AND NET ASSETS	$ 17,420,582	$ 17,984,494

PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	Year ended June 30,			
	2022			2021
	Without donor restrictions	With donor restrictions	Total	Total
Revenue and support:				
Student enrollment fees	$ 12,389,439	$ -	$ 12,389,439	$ 11,588,766
Federal grants	2,807,708	-	2,807,708	1,180,017
Public support	59,984	-	59,984	69,993
Investment (loss) income	(59,306)	-	(59,306)	7,146
Paycheck Protection Program grant income	-	-	-	1,178,306
Other income	9,950	-	9,950	13,296
In-kind contributions	931,706	-	931,706	931,706
TOTAL OPERATING REVENUE AND SUPPORT	16,139,481	-	16,139,481	14,969,230
Expenses:				
Program services:				
Educational services	13,639,113	-	13,639,113	12,595,695
Bronx Support Corporation	657,680	-	657,680	338,427
BLCS Property Holding Company	34	-	34	-
Management and general	1,834,647	-	1,834,647	1,261,412
TOTAL EXPENSES	16,131,474	-	16,131,474	14,195,534
CHANGE IN NET ASSETS	8,007	-	8,007	773,696
Net assets at beginning of year	8,064,362	4,606	8,068,968	7,295,272
NET ASSETS AT END OF YEAR	$ 8,072,369	$ 4,606	$ 8,076,975	$ 8,068,968

The accompanying notes are an integral part of the consolidated financial statements.

PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	Year ended June 30, 2022						2021
	Program Services						
	Educational Services	Bronx Support Corporation	BLCS Property Holding Company, Inc.	Sub-total	Management and General	Total	Total
Personnel services costs:							
Salaries	$ 7,107,524	$ -	$ -	$ 7,107,524	$ 1,001,502	$ 8,109,026	$ 7,285,469
Payroll taxes and fringe benefits	1,472,878	-	-	1,472,878	207,540	1,680,418	1,410,567
Total salaries and wages	8,580,402	-	-	8,580,402	1,209,042	9,789,444	8,696,036
Professional fees and consultants	561,219	1,581	-	562,800	75,555	638,355	641,286
Management fees	-	-	-	-	-	-	54,583
Contracted services - other	613,956	-	-	613,956	78,819	692,775	689,328
Supplies and equipment purchases	644,861	-	-	644,861	-	644,861	587,632
Insurance	-	-	-	-	195,771	195,771	153,410
Library	-	-	-	-	-	-	31,777
Repairs and maintenance	448,857	-	-	448,857	63,248	512,105	473,066
Printing	26,313	-	-	26,313	3,708	30,021	49,801
Staff development and recruitment	518,226	-	-	518,226	73,022	591,248	473,003
Telecommunications	18,225	-	-	18,225	2,568	20,793	49,637
Field trips and other activities	897,939	-	-	897,939	-	897,939	214,441
Utilities	118,028	-	-	118,028	16,631	134,659	172,155
In-kind contribution - facility	816,636	-	-	816,636	115,070	931,706	931,706
In-kind contribution - textbooks	-	-	-	-	-	-	50,072
Interest	-	428,140	-	428,140	-	428,140	434,538
Depreciation and amortization	385,864	227,959	-	613,823	-	613,823	481,134
Other	8,587	-	34	8,621	1,213	9,834	11,929
	$ 13,639,113	$ 657,680	$ 34	$ 14,296,827	$ 1,834,647	$ 16,131,474	$ 14,195,534

The accompanying notes are an integral part of the consolidated financial statements.

PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	Year ended June 30, 2022	Year ended June 30, 2021
CASH FLOWS - OPERATING ACTIVITIES		
Change in net assets	$ 8,007	$ 773,696
Adjustments to reconcile change in net assets to net cash (used for) provided from operating activities:		
Depreciation and amortization	613,823	481,134
Amortization of bond issuance costs included in interest expense	25,468	25,467
Bond premium amortization	(5,429)	(5,429)
Forgiveness of Paycheck Protection Program note payable	-	(1,558,306)
Realized and unrealized loss (gain) on investments	93,686	(35,952)
Insurance recovery proceeds receivable	(151,723)	-
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	(1,063,127)	(418,094)
Prepaid expenses	44,741	(40,355)
Anticipated loan forgiveness	-	380,000
Deposits	(5,873)	(21,960)
Accounts payable and accrued expenses	(26,812)	286,141
Accrued payroll and benefits	(395,970)	225,775
Accrued compensated absences	(4,176)	16,489
Deferred revenue	-	(2,503)
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	(867,385)	106,103
CASH FLOWS - INVESTING ACTIVITIES		
Purchases of property and equipment	(1,041,311)	(505,709)
Proceeds from sale of investments	1,160,000	-
Purchase of investments	(1,068,069)	-
NET CASH USED FOR INVESTING ACTIVITIES	(949,380)	(505,709)
CASH FLOWS - FINANCING ACTIVITIES		
Repayment of bonds payable	(165,000)	(160,000)
NET CASH USED FOR FINANCING ACTIVITIES	(165,000)	(160,000)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(1,981,765)	(559,606)
Cash, cash equivalents and restricted cash at beginning of year	3,737,176	4,296,782
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 1,755,411	$ 3,737,176

PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	Year ended June 30, 2022	Year ended June 30, 2021
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	$ 1,684,229	$ 3,666,119
Cash in escrow	71,182	71,057
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 1,755,411	$ 3,737,176
Cash paid during the year for interest	$ 408,100	$ 414,500
NON-CASH OPERATING AND INVESTING ACTIVITIES		
Insurance recovery receivable	$ 151,723	$ -
Purchases of property and equipment included in accounts payable	$ -	$ 251,300

The accompanying notes are an integral part of the consolidated financial statements.

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Pharos Academy Charter School ("Charter School"), a New York not-for-profit education corporation, together with its wholly owned subsidiaries, BLCS Property Holding Company, Inc. ("BPHC"), 1005 Intervale Avenue LLC (the "Company"), Bronx Support Corporation (the "Corporation"), (collectively, the "Organization"), offers education services in classes from kindergarten through grade twelve in the Bronx, New York. The Charter School is a public charter school incorporated on May 18, 2004, pursuant to the New York Charter School Act of 1998. In May 2022, the Charter School received its fifth charter renewal, which is set to expire on June 30, 2026.

The Charter School is the sole owner of BPHC, a Delaware not-for-profit corporation, which was incorporated on March 16, 2011, for the purpose of holding real estate to be used by the Charter School's college preparatory academy. During the year ended June 30, 2021, substantially all of BPHC's assets totaling $481,119 were transferred to the Charter School. BPHC was dissolved in December 2021 and the remaining assets were transferred.

The Charter School was also the sole member of 1005 Intervale Avenue LLC, a limited liability company organized and existing under the law of the State of New York which was formed on April 12, 2018. The purpose of the Company is to further the educational and charitable purposes of the School and to engage in any lawful act, business or activities pursuant to the New York Law. On October 12, 2018, the Company obtained financing to refinance the loans of BPHC. See Note K.

Bronx Support Corporation is a not for profit organization incorporated in New York on May 15, 2018, for charitable purposes, specifically to engage in programs and activities to assist Pharos Academy Charter School. In September 2020, the Board of Trustees approved a resolution approving the transfer of the sole membership interest in 1005 Intervale Avenue LLC from Pharos Academy Charter School to Bronx Support Corporation. The transfer was executed in January 2021 in connection with the Build NYC Resource Corporation Revenue Bonds described in Note K.

Effective July 1, 2020, the Charter School amended its charter and changed its name to Pharos Academy Charter School. The Charter School was previously named Bronx Lighthouse Charter School.

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of consolidation

The consolidated financial statements reflect the accounts and operations of the Charter School and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Organization.

Net Assets With Donor Restrictions
Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization had net assets with donor restrictions of $4,606 at both June 30, 2022 and 2021.

Revenue recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Organization records substantially all revenues over time as follows:

State and local per pupil revenue

The Organization recognizes revenue as educational programming is provided to students throughout the year. The Organization earns state and local per pupil revenue based on the approved per pupil tuition rate 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 tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Organization and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Organization to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contract assets consisted of grants and contracts receivable of $26,773 and $17,334 at June 30, 2022 and 2021, respectively. There were no contract assets at June 30, 2020.

Contributions
The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue
Some of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying consolidated statement of financial position. There were no amounts received prior to incurring qualifying expenditures, which is reported as deferred revenue in the accompanying consolidated statement of financial position at June 30, 2022. The Organization received cost-reimbursement grants of approximately $1,869,000 and $55,000 that have not been recognized at June 30, 2022 and 2021, respectively because qualifying expenditures had not yet been incurred.

Cash and cash equivalents
Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to $250,000 at each institution. Cash equivalents include all highly liquid investments with maturities of three months or less when acquired. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was $71,182 and $71,057 at June 30, 2022 and 2021, respectively. The agreement requires a balance of $70,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve.

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 statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by the law. Cost basis is determined on the date of purchase. Due to the level of risk associated with certain investment securities and the level of uncertainly related to the changes in the value of investment securities, it is at least possible that changes in risk in the near term could materially affect investment balances.

Grants and contracts receivable

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2022 and 2021.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to ten years. Building and building improvements are being depreciated over 39 years. Leasehold improvements are being amortized over the term of the lease. It is the Organization's policy to capitalize property, plant, equipment and leasehold improvements in excess of $5,000 on a per unit basis.

Loan forgiveness

As further discussed in Note L, the Organization applied for and received a loan through the Paycheck Protection Program. For the year ended June 30, 2021, the Organization recognized revenue of $1,178,306, which was supported by qualified expenses incurred to date and was recognized as Paycheck Protection Program grant income on the accompanying consolidated statement of activities and changes in net assets. The Organization met the requirements for forgiveness and in April 2021 the full amount of the loan was forgiven.

Bond issuance costs

Bond issuance costs, which consist of deferred financing charges, are stated at cost and are amortized over the term of the bonds through various dates up to June 2048. The Organization shows bond issuance costs as a deduction from the carrying amount of bonds payable, net on the accompanying consolidated statement of financial position.

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Deferred revenue
The Organization records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue. There was no deferred revenue at June 30, 2022, 2021 and 2020.

Deferred lease asset (liability)
1005 Intervale Avenue LLC owns a facility that it leases to the Charter School. The lease contains pre-determined fluctuations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the excess of the amounts paid under the lease over the recognized rental expense as a deferred lease asset. The Company recognizes the related rental income on a straight-line basis and records the excess of the amounts received under the lease over the recognized rental income as a deferred lease liability. The related deferred lease asset and deferred lease liability are eliminated on the consolidated statement of financial position. See Note I for further explanation.

Contributed services
The Organization receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. The Charter School was unable to determine a value for these services.

Tax exempt status
The Charter School, BPHC, and Bronx Support Corporation are tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, are exempt from federal and state taxes on income.

The Charter School, BPHC, and Bronx Support Corporation file Form 990 tax returns in the U.S. federal jurisdiction. In addition, BPHC and Bronx Support Corporation file a Form CHAR 500 in New York State. The LLC is a single member LLC and is disregarded for tax purposes. The tax returns for the years ended June 30, 2019 through June 30, 2022 are still subject to potential audit by the IRS. Management of the Charter School, BPHC, and Bronx Support Corporation believe they have no material uncertain tax positions and, accordingly will not recognize any liability for unrecognized tax benefits.

Marketing costs
The Organization expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated $591,000 and $473,000 for the years ended June 30, 2022 and 2021, respectively.

Use of estimates in the preparation of consolidated financial statements
The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Comparatives for year ended June 30, 2021

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Adoption of new accounting standard - gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kind recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and will be applied on a retrospective basis. The Organization adopted this standard during the year ended June 30, 2022. See Note P.

New accounting pronouncements - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the guidance in this new standard is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. For non-public entities, the FASB voted on May 20, 2020 to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Organization's financial position or results of operations.

Reclassifications

Certain prior year amounts have been reclassified to conform with the present year presentation.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 28, 2022, which is the date the consolidated financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NOTE B: LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's main sources of liquidity are its cash and cash equivalents accounts, investments and accounts receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a surplus budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at June 30, 2022 and 2021:

	June 30,	
	2022	2021
Cash and cash equivalents	$ 1,684,229	$ 3,666,119
Investments	2,357,391	2,543,008
Grants and contracts receivable	1,888,732	825,605
Insurance recovery receivable	151,723	-
Total financial assets available to management	6,082,075	7,034,732
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted cash	(948,726)	(879,701)
Restricted by donors with purpose restrictions	(4,606)	(4,606)
Total financial assets available to management for general expenditures within one year	$ 5,128,743	$ 6,150,425

NOTE C: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30, 2022	June 30, 2021
Undesignated	$ 4,429,385	$ 4,994,227
Designated by the Board for reserve	228,327	227,927
Invested in property and equipment, net of related liabilities	3,414,657	2,842,208
	$ 8,072,369	$ 8,064,362

Net assets with donor restrictions are as follows:

	June 30, 2022	June 30, 2021
Julio Lopez Scholarship Fund	$ 1,061	$ 1,061
Roberto Granado Scholarship Fund	3,545	3,545
	$ 4,606	$ 4,606

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30, 2022	June 30, 2021
Furniture and equipment	$ 3,530,759	$ 2,965,100
Land	1,560,000	1,560,000
Building	8,890,419	8,890,419
Leasehold Improvements	599,872	98,035
Construction in progress	-	26,185
	14,581,050	13,539,739
Less: accumulated depreciation and amortization	3,432,392	2,818,569
	$ 11,148,658	$ 10,721,170

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was $613,823 and $481,134, respectively.

At June 30, 2021, a portion of the Organization's property and equipment was not yet in service. Construction in progress is stated at cost. No provision for depreciation is made on construction in progress until such time as the relevant assets are complete and put into use. During 2022 the assets were put in service.

NOTE E: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Organization. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying consolidated financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE F: CONCENTRATIONS

At June 30, 2022 and 2021, approximately 89% and 95% of receivables are due from federal agencies related to certain grant programs.

For both of years ended June 30, 2022 and 2021, approximately 79% of total operating revenue and support came from per-pupil funding provided by New York State through the New York City School District, respectively. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located. For the year ended June 30, 2022, approximately 17% of total operating revenue and support came from federal grants.

NOTE G: RETIREMENT PLAN

The Charter School has a 401(k) Plan for employees who are at least 21 years old and have completed one month of service. Effective July 1, 2010, the Charter School amended its plan to require safe harbor employer matching 100% of employee contributions not to exceed 4% of compensation. The retirement plan was restated and amended effective July 15, 2020. With the restatement, the Charter School makes a safe harbor match of 100% of employee contributions not to exceed 5% of compensation. Safe harbor contributions are immediately vested with the participants. For the years ended June 30, 2022 and 2021, the School made a safe harbor matching employer contribution of $131,139 and $111,663, respectively. For the years ended June 30, 2022 and 2021, the Charter School did not make a discretionary contribution. Employer profit sharing contributions made to the plan are fully vested in three years.

NOTE H: MANAGEMENT FEES

On August 8, 2019, the Charter School renewed its agreement with Lighthouse Academies Inc. ("LHA"), for LHA to provide management services to the Charter School for an annual fee of $595,000 through June 30, 2020. This agreement was not renewed. There was no management fee for the year ended June 30, 2022. The Charter School incurred $54,583 of management fees for year ended June 30, 2021.

NOTE I: RELATED PARTY TRANSACTIONS

During 2018, the Charter School entered into a sublease agreement with 1005 Intervale Avenue LLC for property located at 1005 Intervale Avenue, Bronx NY, commencing on the date of January 5, 2019. The thirty-year lease calls for rent based on a fixed rent schedule provided in the sublease agreement. The Charter School has the option to renew the lease for 2 five-year terms at the end of the initial lease term. Rent paid to 1005 Intervale Avenue LLC under the terms of this agreement was approximately $643,000 for both of the years ended June 30, 2022 and 2021. At June 30, 2022 and 2021 a deferred lease asset of $57,935 and $58,961, respectively is included in the accompanying consolidating statement of financial position of the Charter School. At June 30, 2022 and 2021 a deferred lease liability of $57,935 and $58,961, respectively is included in the accompanying consolidating statement of financial position of the Corporation. Rent expense and rental income for both years ended June 30, 2022 and 2021 was $642,876. The deferred lease asset and liability as well as rental income and expense are eliminated in consolidation.

The future minimum rental payments due to 1005 Intervale Avenue LLC required under this sublease agreement (which will be eliminated in future years) are approximately as follows, which equate to the Charter School's future minimum payments on this agreement through June 2048:

Year ending June 30,	Amount
2023	$ 640,250
2024	638,450
2025	641,450
2026	639,050
2027	641,450
Thereafter	13,456,200
	$ 16,656,850

NOTE J: FUNCTIONAL EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort. Expenses that can be identified with a specific program are charged directly to the particular program.

NOTE K: BONDS PAYABLE

On October 12, 2018, 1005 Interval Ave LLC obtained financing of $8,825,000 from Build NYC Resource Corporation ("Build NYC"), a local development corporation of the City of New York, to refinance loans outstanding with LIIF SUB-CDE VI, LLC (a lender under the Federal New Markets Tax Credit program). In order to facilitate the refinancing, the Build NYC issued Revenue Bonds, Series 2018; $8,825,000 to repay the loans and pay issuance costs.

The bonds which require periodic payments bear interest ranging from 4% to 5% and are secured by the building. Bonds payable consist of the following at June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Revenue Bonds Series 2018, interest ranging from 4%-5%, due June 1, 2019 through 2028, June 1, 2033, 2038 and 2048	$ 8,255,000	$ 8,420,000
Add: unamortized bond premium	141,154	146,583
Less: debt issuance cost, net of accumulated amortization	(662,153)	(687,621)
	7,734,001	7,878,962
Less: current portion of bonds payable	(170,000)	(165,000)
	$ 7,564,001	$ 7,713,962

The bonds principals maturing on or after June 1, 2025 are subject to optional redemptions by the Corporation prior to maturity. Bonds maturing in 2033, 2038 and 2048 require mandatory redemptions.

Unamortized premium costs relating to the issuance of the Series 2018 bond are $141,154 and $146,583 at June 30, 2022 and 2021, 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 $662,153 and $687,621 as of June 30, 2022 and 2021, respectively, are recorded as reduction in bonds payable on the accompanying consolidated statement of financial position.

Debt issuance costs consist of the following:

	June 30, 2022	June 30, 2021
Debt issuance costs	$ 809,299	$ 809,299
Less: accumulated amortization	147,146	121,678
	$ 662,153	$ 687,621

NOTE K: BONDS PAYABLE, Cont'd

The aggregate amount of principal payments subsequent to June 30, 2022 are as follows:

Years Ending June 30,	Amount
2023	$ 170,000
2024	175,000
2025	185,000
2026	190,000
2027	200,000
Thereafter	7,335,000
	$ 8,255,000

Interest expense on the Series 2018 for the years ended June 30, 2022 and 2021 was $408,100 and $414,500, respectively.

In connection with the bonds payable, the Charter School is required to maintain certain financial covenants. At June 30, 2022, the Charter School was in compliance with these covenants.

NOTE L: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 outbreak, in April 2020 the Organization applied for and was approved by a bank for a loan of $1,558,306 through the Paycheck Protection Program established by the Small Business Administration. The loan had a maturity of 2 years and an interest rate of 1%. The loan had the potential for forgiveness provided certain requirements were met by the Organization. The loan was funded in May 2020. The Organization met the requirements for forgiveness and in April 2021 the full amount of the loan was forgiven.

NOTE M: RESTRICTED CASH

Restricted cash includes amounts the Organization is required to segregate in connection with the issuance of the Revenue Bonds, Series 2018, described in Note K and other purposes. As of June 30, 2022 and 2021, restricted cash consists of the following:

	June 30,	
	2022	2021
(A) Facility reserve	$ 31	$ 31
(B) Lease reserve	157,145	156,870
(C) Revenue account	51,108	39,208
(D) Expense fund	15,942	9,092
(E) Repair fund	150,000	100,000
(F) Debt services reserve fund	574,500	574,500
	$ 948,726	$ 879,701

(A) The Organization has created a facility reserve for future major repairs and replacement to the building.

(B) The Organization is required to deposit $1,089 per month into a contingency fund to serve as a reserve for its lease payments.

(C) The revenue account fund was created for the purpose of receiving money from the Organization to pay bond obligations.

(D) The expense fund was created for the purpose of paying annual fees to the bond issuer and rating agency.

(E) The repair fund was created for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the facility in sound condition.

(F) The Organization is required to set aside a debt service fund to secure payments of the bond offering.

NOTE N: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Fixed Income – US treasuries: Investments are valued at the closing price reported in the active market in which they are traded.

NOTE N: FAIR VALUE MEASUREMENTS, Cont'd

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of June 30, 2022 and 2021:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Fixed Income				
US Treasuries	$ -	$ 2,357,391	$ -	$ 2,357,391
Total assets at fair value	$ -	$ 2,357,391	$ -	$ 2,357,391

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Fixed Income				
US Treasuries	$ -	$ 2,543,008	$ -	$ 2,543,008
Total assets at fair value	$ -	$ 2,543,008	$ -	$ 2,543,008

NOTE O: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Organization has recognized $1,982,622 and $345,397 of revenue relative to ESSER grants during the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022, the Charter School has approximately $1,869,000 of ESSER grants available for expenditure through September 30, 2024.

NOTE P: SCHOOL FACILITY – GIFT-IN-KIND

NYC Department of Education donates space for the Charter School for the purpose set forth in the Charter. The agreement commenced on July 1, 2005 and terminates in one year or upon the expiration/termination of the Charter School's charter, or expiration / termination of the lease in the event that the Charter School is located in a leased premise, whichever is earlier. The agreement may be extended by a written agreement signed by the parties. The annual fee for the use of dedicated space is $1. In valuing the contributed space, the Charter School estimated the fair value of $931,706 in each of the years ended June 30, 2022 and 2021 based on comparable market rates at the time it was contributed.

See the table below for program utilization:

Program or Supporting Service	Year ended June 30, 2022	Year ended June 30, 2021
Educational Services	$ 816,636	$ 816,636
Management and General	115,070	115,070
Total	$ 931,706	$ 931,706

NOTE Q: INSURANCE RECOVERY

The Organization suffered fire damage during the year ended June 30, 2022 of approximately $562,500. During 2022, the Organization received $410,790 of payments from its insurance company to cover damages at the Charter School. The remaining $151,723 of insurance payments was received in July 2022 and is properly included in the accompanying consolidated statement of financial position at June 30, 2022 as insurance recovery receivable.

PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

OTHER CONSOLIDATING FINANCIAL INFORMATION

MMB
MENGEL METZGER BARR & CO. LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING FINANCIAL INFORMATION

Board of Trustees
Pharos Academy Charter School and Affiliates

We have audited the consolidated financial statements of Pharos Academy Charter School and Affiliates as of and for the year ended June 30, 2022, and we have issued our report thereon dated October 28, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 consolidating financial information hereinafter 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 for the year ended June 30, 2022, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 28, 2022

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PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS	Pharos Academy Charter School	Bronx Support Corporation	BLCS Property Holding Company, Inc	Pre-Consolidated Total	Consolidating Eliminations	Consolidated Total
CURRENT ASSETS						
Cash and cash equivalents	$ 892,679	$ 791,550	$ -	$ 1,684,229	$ -	$ 1,684,229
Investments	2,357,391	-	-	2,357,391	-	2,357,391
Grant and contracts receivables	1,888,732	-	-	1,888,732	-	1,888,732
Insurance recovery receivable	151,723	-	-	151,723	-	151,723
Prepaid expenses	64,909	-	-	64,909	-	64,909
TOTAL CURRENT ASSETS	5,355,434	791,550	-	6,146,984	-	6,146,984
PROPERTY AND EQUIPMENT, NET	1,553,087	9,595,571	-	11,148,658	-	11,148,658
OTHER ASSETS						
Due from affiliates	2,805,889	-	-	2,805,889	(2,805,889)	-
Deposits	53,758	-	-	53,758	-	53,758
Deferred lease asset	57,935	-	-	57,935	(57,935)	-
Cash in escrow	71,182	-	-	71,182	-	71,182
TOTAL ASSETS	$ 9,897,285	$ 10,387,121	$ -	$ 20,284,406	$ (2,863,824)	$ 17,420,582
LIABILITIES AND NET ASSETS (DEFICIT)						
CURRENT LIABILITIES						
Current portion of bonds payable	$ -	$ 170,000	$ -	$ 170,000	$ -	$ 170,000
Accounts payable and accrued expenses	773,584	35,036	-	808,620	-	808,620
Accrued payroll and benefits	648,044	-	-	648,044	-	648,044
Accrued compensated absences	152,942	-	-	152,942	-	152,942
Due to affiliates	-	2,805,889	-	2,805,889	(2,805,889)	-
TOTAL CURRENT LIABILITIES	1,574,570	3,010,925	-	4,585,495	(2,805,889)	1,779,606
OTHER LIABILITIES						
Bonds payable	-	7,564,001	-	7,564,001	-	7,564,001
Deferred lease liability	-	57,935	-	57,935	(57,935)	-
	-	7,621,936	-	7,621,936	(57,935)	7,564,001
TOTAL LIABILITIES	1,574,570	10,632,861	-	12,207,431	(2,863,824)	9,343,607
NET ASSETS						
Without donor restrictions - board designated reserve	228,327	-	-	228,327	-	228,327
Without donor restrictions - undesignated	8,089,782	(245,740)	-	7,844,042	-	7,844,042
With donor restrictions	4,606	-	-	4,606	-	4,606
TOTAL NET ASSETS (DEFICIT)	8,322,715	(245,740)	-	8,076,975	-	8,076,975
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 9,897,285	$ 10,387,121	$ -	$ 20,284,406	$ (2,863,824)	$ 17,420,582

PHAROS ACADEMY CHARTER SCHOOL AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022

	Pharos Academy Charter School	Bronx Support Corporation	BLCS Property Holding Company, Inc	Pre-Consolidated Total	Consolidating Eliminations	Consolidated Total
Revenue and support:						
Student enrollment fees	$ 12,389,439	$ -	$ -	$ 12,389,439	$ -	$ 12,389,439
Federal grants	2,807,708	-	-	2,807,708	-	2,807,708
Public support	59,984	-	-	59,984	-	59,984
Investment loss	(59,306)	-	-	(59,306)	-	(59,306)
Rental income	-	642,876	-	642,876	(642,876)	-
Other income	67,088	-	-	67,088	(57,138)	9,950
In-kind contributions	931,706	-	-	931,706	-	931,706
TOTAL OPERATING REVENUE AND SUPPORT	16,196,619	642,876	-	16,839,495	(700,014)	16,139,481
Expenses:						
Program services:						
Educational services	13,639,113	-	-	13,639,113	-	13,639,113
Bronx Support Corporation	-	657,680	-	657,680	-	657,680
BLCS Property Holding Company	-	-	57,172	57,172	(57,138)	34
Management and general	2,477,523	-	-	2,477,523	(642,876)	1,834,647
TOTAL EXPENSES	16,116,636	657,680	57,172	16,831,488	(700,014)	16,131,474
CHANGE IN NET ASSETS	79,983	(14,804)	(57,172)	8,007	-	8,007
Net assets (deficit) at beginning of year	8,242,732	(230,936)	57,172	8,068,968	-	8,068,968
NET ASSETS (DEFICIT) AT END OF YEAR	$ 8,322,715	$ (245,740)	$ -	$ 8,076,975	$ -	$ 8,076,975