

ALBANY COMMUNITY CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

ALBANY COMMUNITY CHARTER SCHOOL

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany Community Charter School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are 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.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 29, 2020

ALBANY COMMUNITY CHARTER SCHOOL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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ALBANY COMMUNITY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>
Administrative Personnel	\$ 178,722	\$ -	\$ -	\$ 178,722	\$ 714,888	\$ 893,610
Instructional Personnel	3,990,690	134,655	-	4,125,345	-	4,125,345
Non-Instructional Personnel	-	-	421,509	421,509	58,574	480,083
Total Salaries	<u>4,169,412</u>	<u>134,655</u>	<u>421,509</u>	<u>4,725,576</u>	<u>773,462</u>	<u>5,499,038</u>
Fringe Benefits and Payroll Taxes	1,075,072	31,533	-	1,106,605	181,124	1,287,729
Retirement	85,436	2,506	-	87,942	14,394	102,336
Interest Expense	528,316	15,496	67,956	611,768	26,711	638,479
Legal Service	1,433	42	-	1,475	241	1,716
Accounting and Audit Services	11,792	346	-	12,138	1,987	14,125
Other Purchased, Professional and Consulting Services	213,480	77,471	-	290,951	47,622	338,573
Repairs and Maintenance	347,835	10,202	44,344	402,381	14,258	416,639
Insurance	125,031	3,667	15,940	144,638	5,125	149,763
Utilities	74,530	2,186	9,502	86,218	3,054	89,272
Supplies and Materials	124,489	3,651	16,783	144,923	12,765	157,688
Equipment and Furnishings	4,246	125	-	4,371	716	5,087
Staff Development	54,964	1,612	-	56,576	-	56,576
Marketing and Recruitment	67,672	1,985	-	69,657	11,401	81,058
Technology	30,256	887	-	31,143	5,097	36,240
Food Service	-	-	197,308	197,308	-	197,308
Student Services	226,145	6,633	407,291	640,069	-	640,069
Office Expense	58,390	1,713	7,444	67,547	2,393	69,940
Depreciation	334,027	9,797	-	343,824	56,276	400,100
Other	<u>7,866</u>	<u>231</u>	<u>-</u>	<u>8,097</u>	<u>1,325</u>	<u>9,422</u>
Total Expenses	<u>\$ 7,540,392</u>	<u>\$ 304,738</u>	<u>\$ 1,188,077</u>	<u>\$ 9,033,207</u>	<u>\$ 1,157,951</u>	<u>\$ 10,191,158</u>

1. ORGANIZATION AND PURPOSE

Organization

Albany Community Charter School (the “School”) is a New York not-for-profit organization preparing students for a lifetime of opportunity by helping them master a primary rigorous, standards-based curriculum focused on literacy and other foundational knowledge.

By aligning the efforts of all members of the school community - student, parent, teacher, principal, board, and civic organizations - we dramatically increase the chances students will be prepared to succeed when they move on to middle school, high school, college and into the workforce. To achieve that goal, the learning community at the School emphasizes achievement, respect and positive behavior.

A provisional charter, valid for five years, was granted to the School by the University of the State of New York pursuant to Article 56 of the Education Law of the State of New York. The School began providing educational services in the fall of 2006 for K-1st grades. The provisional charter allowed for an additional grade to be added in each subsequent year until the School reaches grades K-5. A charter renewal was granted in 2016 extending the school’s operations for an additional five years (expires July 31, 2021). In January 2012, the School received approval to modify its charter renewal and add a middle school program to its existing elementary school program, adding grades 6 through 8 in subsequent years through June 30, 2017. As of June 30, 2020, the School had an enrollment of 660 students in K to 8th grades.

The School is governed by a Board of Trustees in accordance with the School’s by-laws.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies and Financial Statement Presentation

The following summarizes the significant accounting policies consistently applied in the preparation of the Organization’s financial statements, with references to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) where applicable.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

2. SUMMARY OF SIGNIFICANT ACCOUNTING P

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

ASU No. 2016-18

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*. This ASU requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Current guidance does not specify how to present restricted cash and restricted cash equivalents in the statement of cash flows, thus there is diversity in practice. The amendments in ASU No. 2016-18 should be

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-to-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, as updated by ASU 2019-01, *Codification Improvements*, and ASU 2019-10, *Effective Dates*, issued in March and November 2019, respectively. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The School is currently evaluating the impact that ASU 2016-02 will have on the School's financial statements and related disclosures.

Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 financial statement presentation.

Subsequent Events

The School follows the ASC, *Subsequent Events*, which establishes general standards of accounting for, and disclosure of, events that occur after the date of the financial statements but before the financial statements are issued or are available to be issued. In the preparation of these financial statements and notes thereto, management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 29, 2020, the date the financial statements were available to be issued. The following events were identified.

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the School and its future financial position and results of operations is not presently determinable.

Effective July 1, 2020, the School's Board of Trustees has approved a Plan of Merger with a local charter school which is considered the surviving entity. As of that date, all operations of the School are effectively merged with the surviving entity.

3. RESTRICTED DEPOSITS AND DESIGNATED CASH

The School restricts cash for debt service and replacement of property as required by the lenders. The restricted deposits were \$360,095 and \$303,386 at June 30, 2020 and 2019, respectively, and are held in separate accounts. The debt service reserve is to be funded by the School on a monthly basis in the amount of \$4,725 until the balance reaches \$400,000. Upon renewal of the Schools's charter, the lenders will authorize the release of all amounts in excess of \$200,000.

The School has internally designated cash in the amount of \$75,050 as of June 30, 2020 and 2019. The intended purpose of this designation is to provide a dissolution escrow to cover costs associated with an unanticipated closure, as required by the School's Charter Agreement.

4. GRANTS, CONTRACTS AND ACCOUNTS RECEIVABLE

At June 30, 2020 and 2019, grants, contracts and accounts receivable were comprised of the following funding sources:

	<u>2020</u>	<u>2019</u>
School District Tuition, Net	\$ 41,691	\$ 320,444
U.S. Department of Agriculture	6,888	88,999
U.S. Department of Education	200,330	233,253
Other Receivables	-	1,766
	<u>\$ 248,909</u>	<u>\$ 644,462</u>

5. PROPERTY AND EQUIPMENT

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 550,000	\$ 550,000
Building	12,668,885	12,668,885
Equipment	647,812	599,229
Furniture and Fixtures	430,391	400,883
Building Improvements	129,139	121,089
Total at Cost	<u>14,426,227</u>	<u>14,340,086</u>
Less: Accumulated Depreciation	<u>(2,198,470)</u>	<u>(1,774,755)</u>
	<u>\$ 12,227,757</u>	<u>\$ 12,565,331</u>

Depreciation expense was \$423,715 and \$400,100 for the years ended June 30, 2020 and 2019, respectively.

ALBANY COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS g84 lc2 0

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ADDITIONAL REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

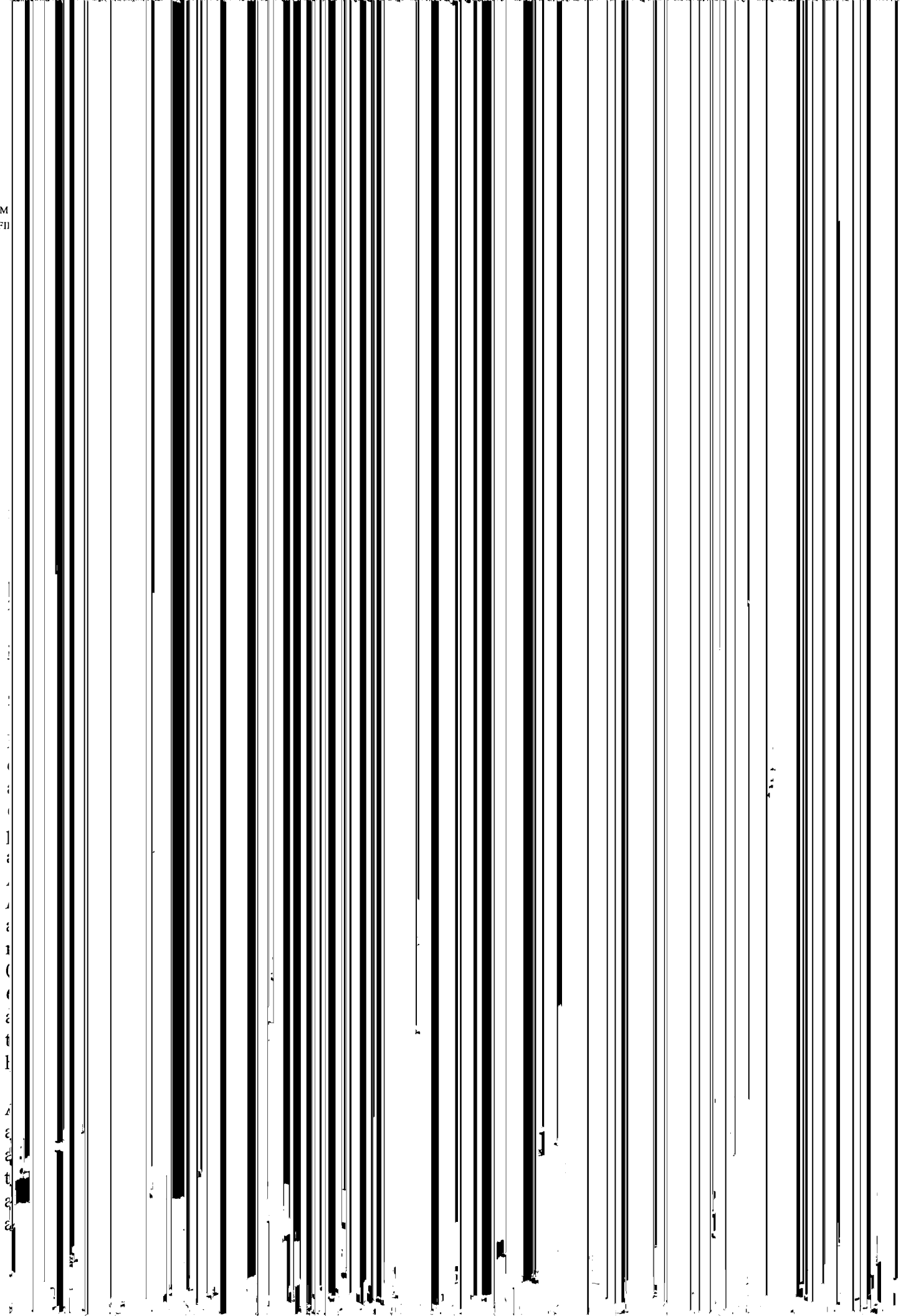
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in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

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CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 29, 2020

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This information is intended solely for the use of the board of trustees and management of the Community Charter School and these specified parties.

For the use of the board of trustees and management of the Community Charter School and these specified parties. This information is intended to be, and should not be, used by anyone other than the intended recipients.

Very truly yours,

Cusack & Company, CPAs

CUSACK & COMPANY, CPAS, LLP