

New York City Charter School of the Air

Financial Statements

June 30, 2020 and 2019

Independent Auditors' Report

Board of Trustees
New York City Charter School of the Arts

Report on the Financial Statements

We have audited the accompanying financial statements of New York City Charter School of the Arts (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the school as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years 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 September 29, 2020, on our consideration of the school's internal control over financial reporting and on our tests of its comp

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 1,016,677	\$ 108,322
Accounts and contracts receivable	6,819	29,111
Prepaid expenses and other current assets	<u>64,806</u>	<u>20,222</u>
Total Current Assets	1,138,302	137,655
Property and equipment, net	767,777	870,044
Securities deposit	493,000	196,000
Restricted cash	<u>7,183</u>	<u>7,118</u>
	<u>\$ 2,474,060</u>	1,310,827

	2020	2019
OPERATING REVENUE		
State and local per pupil operating revenue		
General education	\$ 4,442,141	\$ 4,111,677
Special education	773,601	601,472
Facilities	1,137,920	1,101,947
Federal grants	188,099	279,109
State grants	24,140	26,606
Total Operating Revenue	<u>6,662,840</u>	<u>6,128,791</u>
EXPENSES		
Program services		
Regular education	3,771,040	4,364,412
Special education	1,394,900	1,633,673
Total Program services	<u>5,165,940</u>	<u>5,998,085</u>
Supporting services		
Management and general	683,333	781,083
Fundraising	7,600	43,760
Total Expenses	<u>6,001,483</u>	<u>6,826,933</u>
Surplus (Deficit) from Operations	<u>64,801</u>	<u>(698,142)</u>
SUPPORT AND OTHER REVENUE		
Grants and contributions	120,627	344,287
Interest and other income	6	78
Total Support and Other Revenue	<u>120,692</u>	<u>344,865</u>
Change in Net Assets	68,493	(3,277)

Per onnel - ervice Co t
 Admini tr tive t ff per onnel
 In truction l per onnel
 Non-in truction l per onnel
 Tot l - l rie nd t ff

No. of Po ition	Regul r Educa tion	Special Educa tion	Total	M n gement nd Gether l	Fundr i ing	Total
12	\$ 411,908	\$ 7,079	\$ 418,987	\$ 212,178	\$ 7,000	\$ 219,178
30	1,381,188	184,828	2,077,013	-	-	2,077,013
1	4,937	7,311	3,378	22,984	-	71,512
<u>43</u>	<u>1,839,0</u>	<u>77,38</u>	<u>3,328</u>	<u>22,984</u>	<u>-</u>	<u>71,512</u>

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	2020	2019
CAS FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 68,493	\$ (3,327)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	190,979	18,702
Deferred rent	131,870	47,677
Changes in operating assets and liabilities		
Leases and contracts receivable	(27,704)	44,196
Prepaid expenses and other current assets	(44,281)	3,266
Security deposit	(296,000)	-
Accounts payable and accrued expenses	(420,941)	479,488
Accrued payroll and payroll taxes	(9,408)	121,482
Refundable advances	3,149	(32,130)
Net Cash from Operating Activities	<u>162,677</u>	<u>28,311</u>
CAS FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment	<u>(83,000)</u>	<u>(907,910)</u>
CAS FLOWS FROM		
FINANCING ACTIVITIES		

New York City Charter School of the Arts

Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Tax Status

New York City Charter School of the Arts (the "School") is a New York State, not-for-profit educational corporation organized under the laws of the State of New York. The School is a not-for-profit corporation organized under the laws of the State of New York. The School is a not-for-profit corporation organized under the laws of the State of New York.

New York City Charter School of the Arts

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Restricted – Non-Principal Fund (NCF)

New York City Charter School of the Arts

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Furniture and fixtures	7 years
Software	3 years

See Note 2 (continued)

New York City Charter School of the Arts

Notes to Financial Statements
June 30, 2020 and 2019

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

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the school to be appropriate.

Accounting for Uncertainty in Income Taxes

The school recognizes the effect of income

New York City Charter School of the Arts

Notes to Financial Statements
Financial

Liability of Financial Assets

Financial assets available to the school are those that are not owned by the school but are held in trust for the school. These assets are reported in the financial statements as liabilities of the school.

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amounts are

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_____	_____
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The school's liability for the year ended June 30, 2018, is \$1,000,000. This liability is reported in the financial statements as a liability of the school.

Other Information

The school's financial statements are prepared on the accrual basis of accounting. The school's financial statements are audited by an independent accounting firm. The school's financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America. The school's financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America. The school's financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America.

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New York City Charter School of the Arts

Notes to Financial Statements
June 30, 2020 and 2019

11. Commitments (*continued*)

Future minimum payments under the terms of the agreement are as follows for the years ending June 30:

2021	1,245,094
2022	1,282,446
2023	1,320,920
2024	1,360,547
2025	1,401,364
Thereafter	4,461,420
	<u>11,071,791</u>

12. Contingency

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

13. Risks and Uncertainties

The school's operations and financial performance may be affected by the recent COVID-19 outbreak.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school's financial statements are