

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

REPORT TO THE FINANCE COMMITTEE

JUNE 30, 2020

October 21, 2020

Finance Committee
Academy of Health Sciences Charter School

We have audited the financial statements of Academy of Health Sciences Charter School as of June 30, 2020 and for the period from November 6, 2018 (date of inception) through June 30, 2020, and have issued our report thereon dated October 21, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 15, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Academy of Health Sciences Charter School solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Director of Operations and outsourced accountant who review the draft financial statements prior to issuance and accept responsibility for them.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Academy of Health Sciences Charter School is included in Note A to the financial statements. As described in Note A to the financial statements, effective July 1, 2019, the Charter School changed its method of accounting for revenue recognition by adopting FASB Accounting Standards Codification (ASC) 606 *Revenue from Contracts with Customers* and Accounting Standards Update (ASU) 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In addition, the Charter School changed its statement of cash flows presentation by adopting FASB ASC 230. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allocations of operating expenses to program expenses, management and general expenses, and fundraising expenses and the collectability of grants receivable. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Academy of Health Sciences Charter School's financial statements relate to revenue and support recognition, which is referred to in the notes of the financial statements.

Significant Difficulties Encountered during the Audit

We are pleased to report we encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Academy of Health Sciences Charter School's financial statements or the auditor's report. We are pleased to report no such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Academy of Health Sciences Charter School, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Academy of Health Sciences Charter School's auditors.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Internal Control Matters

We did not identify any deficiencies in internal control that we considered to be material weaknesses.

* * * * *

Should you desire further information concerning these matters, Michelle Cain or Ryan Snyder will be happy to meet with you at your convenience.

This report is intended solely for the information and use of the Board of Trustees, Finance Committee and management of Academy of Health Sciences Charter School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR & CO. LLP

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

ROCHESTER, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020

CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
 <u>OTHER FINANCIAL INFORMATION</u>	
Independent Auditor's Report on Other Financial Information	19
Schedule of Activities for the year ended June 30, 2020 and the period from November 6, 2018 (date of inception) to June 30, 2019	20
 <u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Academy of Health Sciences Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Academy of Health Sciences Charter School, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the period from November 6, 2018 (date of inception) to June 30, 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 Academy of Health Sciences Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the period from November 6, 2018 (date of inception) to June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020 on our consideration of Academy of Health Sciences Charter 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 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academy of Health Sciences Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 21, 2020

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash	\$ 329,187
Grants and other receivables	224,887
Prepaid expenses and other current assets	<u>48,041</u>
TOTAL CURRENT ASSETS	602,115

OTHER ASSETS

Cash in escrow	25,000
Property and equipment, net	61,851
Deposits	<u>14,513</u>
	<u>101,364</u>
TOTAL ASSETS	<u>\$ 703,479</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 14,070
Accrued payroll and benefits	87,678
Current-portion of long term debt	81,028
Deferred revenue	<u>32,620</u>
TOTAL CURRENT LIABILITIES	215,396

LONG TERM DEBT

101,284

TOTAL LIABILITIES 316,680

NET ASSETS, without donor restrictions

386,799

TOTAL LIABILITIES AND NET ASSETS \$ 703,479

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

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

Operating revenue and support:		
State and local per pupil operating revenue		\$ 1,413,723
Government grants		656,007
Contributions		139,437
Other income		<u>2,292</u>
	TOTAL OPERATING REVENUE AND SUPPORT	2,211,459
Expenses:		
Program:		
Regular education		932,190
Special education		139,626
Other programs		79,471
Management and general		<u>673,373</u>
	TOTAL EXPENSES	<u>1,824,660</u>
	CHANGE IN NET ASSETS	386,799
Net assets at beginning of period		<u>-</u>
	NET ASSETS AT END OF PERIOD	<u>\$ 386,799</u>

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

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

	No. of Positions June 30, 2020	Program Services				Supporting Services		Total
		Regular Education	Special Education	Other Programs	Sub-total	Management and General	Sub-total	
Personnel services costs:								
Administrative staff personnel	5	\$ -	\$ -	\$ -	\$ -	\$ 398,857	\$ 398,857	\$ 398,857
Instructional personnel	11	399,828	108,157	-	507,985	-	-	507,985
Non-instructional personnel	1	-	-	56,179	56,179	-	-	56,179
Total salaries and wages	17	399,828	108,157	56,179	564,164	398,857	398,857	963,021
Fringe benefits and payroll taxes		56,952	15,406	8,002	80,360	55,412	55,412	135,772
Retirement		5,945	1,608	835	8,388	5,784	5,784	14,172
Legal service		-	-	-	-	1,212	1,212	1,212
Accounting and audit services		-	-	-	-	56,500	56,500	56,500
Other purchased/professional/and consulting services		17,431	877	877	19,185	7,438	7,438	26,623
Building and land rent		139,324	8,708	8,708	156,740	17,415	17,415	174,155
Repairs and maintenance		21,873	1,367	1,367	24,607	12,492	12,492	37,099
Insurance		18,466	1,154	1,154	20,774	3,507	3,507	24,281
Utilities		19,065	1,192	1,192	21,449	9,174	9,174	30,623
Supplies and materials		61,486	-	-	61,486	-	-	61,486
Equipment and furnishings		26,637	-	-	26,637	-	-	26,637
Staff development		47,415	-	-	47,415	20,145	20,145	67,560
Marketing and recruitment		-	-	-	-	58,124	58,124	58,124
Technology		39,562	-	-	39,562	5,439	5,439	45,001
Student services		59,685	-	-	59,685	-	-	59,685
Office expense		-	-	-	-	16,670	16,670	16,670
Depreciation		13,634	852	852	15,338	1,861	1,861	17,199
Other		4,887	305	305	5,497	3,343	3,343	8,840
		<u>\$ 932,190</u>	<u>\$ 139,626</u>	<u>\$ 79,471</u>	<u>\$ 1,151,287</u>	<u>\$ 673,373</u>	<u>\$ 673,373</u>	<u>\$ 1,824,660</u>

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

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

STATEMENT OF CASH FLOWS

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

CASH FLOWS - OPERATING ACTIVITIES

Change in net assets	\$ 386,799
Adjustments to reconcile change in net assets to net cash provided from operating activities:	
Depreciation	17,199
Changes in certain assets and liabilities affecting operations:	
Grants and other receivables	(224,887)
Prepaid expenses and other current assets	(48,041)
Accounts payable and accrued expenses	14,070
Accrued payroll and benefits	87,678
Deferred revenue	32,620
	<u>265,438</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	265,438

CASH FLOWS - INVESTING ACTIVITIES

Purchases of property and equipment	(79,050)
Deposits	(14,513)
	<u>(93,563)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(93,563)

CASH FLOWS - FINANCING ACTIVITIES

Repayments on long term debt	(200,000)
Borrowings on long term debt	382,312
	<u>182,312</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	182,312

NET INCREASE IN CASH AND RESTRICTED CASH 354,187

Cash and restricted cash at beginning of period	-
CASH AND RESTRICTED CASH AT END OF PERIOD	<u>\$ 354,187</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest \$ 6,108

Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:

Cash	\$ 329,187
Cash in escrow	25,000
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 354,187</u>

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

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

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

The Charter School

Academy of Health Sciences Charter School (the “Charter School”) is an independent public school established under the provisions of the New York State Charter School Act of 1998, enacted as Article 56 of the Education Law. The Charter School was chartered by the Board of Regents of the New York State Education Department (NYSED) in 2018 and its current charter is valid through June 30, 2024 and renewable upon expiration.

It is the Charter School’s mission to provide students in Rochester, New York with a safe, supportive, and intellectually engaging educational environment. The central philosophy of the Charter School is that strong student-teacher-parent relationships are essential to student motivation and achievement. The Charter School’s health science focus means that its students learn reading, writing, math, social studies, science and the arts through the lens of Health Sciences preparing the students to choose the best college and career path for them. Health Sciences is about life, service, science and innovating to help others thrive. The 2019-20 school year represents the Charter School’s first year of operation. The Charter School is approved to provide educational instruction to students in the fifth through eighth grades.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

These classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current net assets without donor restrictions for specific purposes, projects or investment.

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 Charter School had no net assets with donor restrictions for the period from November 6, 2018 (date of inception) to June 30, 2020.

Revenue and support recognition

Revenue from Exchange Transactions: The Charter School 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 Charter School’s state and local per pupil operating revenue qualifies as exchange transactions and the revenues are recognized over time.

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

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

State and local per pupil operating revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School 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 Charter School and the districts 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 Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED. The Charter School began operations during the 2020 fiscal year and accounts receivable at June 30, 2020 was \$28,970.

Contributions

The Charter School 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. Deferred revenue at June 30, 2020 was \$32,620 which will be taken into revenue as the conditions are 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 statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School'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 Charter School 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 statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. Grant funds of approximately \$23,000 at June 30, 2020 are available for use in future years.

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

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

Cash

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. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first four years of operations and a balance of \$100,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve.

Grants and other receivables

Grants and other receivables 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, 2020.

Property and equipment

Property and equipment are recorded at cost. Depreciation is 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 seven years.

Contributed services

Volunteers have donated significant amounts of time in support of the Charter School's activities. However, the value of these services is not reflected in the accompanying statements, as they do not meet the criteria for recognition as set forth under generally accepted accounting principles.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2019 and June 30, 2020 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$58,000 for the period from November 6, 2018 (date of inception) to June 30, 2020.

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

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

Use of estimates in the preparation of financial statements

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

Adoption of new accounting standards

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Charter School adopted ASC 606 with the date of initial application of July 1, 2019.

The Charter School applied ASC 606 using the cumulative effect method, which generally requires the recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets, at July 1, 2019. There was no adjustment to the opening balance of net assets at July 1, 2019, as a result of this new accounting standard. In addition, the comparative information has not been adjusted and continues to be reported under existing revenue guidance. The Charter School does not expect the adoption of the new revenue standard to have a material impact on its income on an ongoing basis.

As part of the adoption of ASC 606, the Charter School elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligation, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Contributions received and contributions made

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For most resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. The Charter School adopted the provisions of ASU 2018-08 applicable to contributions received with a date of initial application of July 1, 2019 under a modified prospective basis. Accordingly, there is no effect on net assets.

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

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

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year of cash in the statement of cash flows. ASC 230 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Charter School adopted this standard as of July 1, 2019 using the retrospective transition method.

New accounting pronouncement - 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 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 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 interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School’s financial position or results of operations.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 21, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NOTE B: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2020:

	<u>Amount</u>
Cash	\$ 329,187
Grants and other receivables	<u>224,887</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 554,074</u>

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School’s main source of liquidity is its cash accounts. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School 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 Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School’s cash and shows positive cash generated by operations for the period from November 6, 2018 through June 30, 2020.

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

NOTE C: PROPERTY AND EQUIPMENT

At June 30, 2020, property and equipment consist of the following:

Furniture and fixtures	\$ 32,269
Computers equipment	<u>46,781</u>
	79,050
Less: accumulated depreciation	<u>17,199</u>
	<u>\$ 61,851</u>

NOTE D: SCHOOL FACILITIES

The Charter School leases its facility from a third party from July 1, 2019 through June 30, 2022 with current monthly payments of \$14,513, whereby monthly payments and square footage occupied escalate through June 2022. Rent expense incurred under this lease for the year ended June 30, 2020 was approximately \$174,155. A security deposit of \$14,513 was paid by the Charter School relative to this lease and is included in deposits on the accompanying statement of financial position at June 30, 2020.

The future minimum payments required under the agreements are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 243,264
2022	<u>361,814</u>
	<u>\$ 605,078</u>

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 Charter School. Management is of the opinion that such 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.

NOTE F: CONCENTRATIONS

The Charter School's primary source of funding is obtained from the Rochester City School District and is reported as state and local per pupil operating revenue in the accompanying statement of activities and changes in net assets. This funding is received on a per pupil basis and was approximately 64% of the Charter School's total operating revenue and support for the period from November 6, 2018 (date of inception) to June 30, 2020. Approximately 27% of the Charter School's total operating revenue and support for the period from November 6, 2018 (date of inception) to June 30, 2020 related to a federal grant.

At June 30, 2020, approximately 87% of grants and other receivables are due from the Federal government relating to certain grants and approximately 13% is due from New York State relating to per pupil funding.

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

NOTE G: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees are immediately eligible to participate in the Plan. The Plan allows for the Charter School to make a matching contribution to the Plan. The Charter School contributed approximately \$14,000 for the period from November 6, 2018 (date of inception) to June 30, 2020.

NOTE H: OPERATING LEASE

The Charter School leases office equipment under a non-cancelable lease agreement at a monthly cost of approximately \$372 plus maintenance and other costs through August 2024. The future minimum payments on this agreement is approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 4,458
2022	4,458
2023	4,458
2024	4,458
2025	743
	<u>\$ 18,575</u>

NOTE I: FUNCTIONAL EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses represents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Included in regular and special education are the salaries, occupancy and other services allocated to these programs based on the student population served. Other program expenses include social worker salaries at the Charter School and student support staff salaries. All other expenses are management and general expense. Depreciation expenses have been allocated based upon the use of the related assets.

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

NOTE J: LONG TERM DEBT

On June 12, 2019, the Charter School borrowed \$200,000 from a bank. The loan was paid in full during December 2019.

In response to the COVID-19 outbreak, in April 2020 the Charter School applied for and was approved by a bank for a loan of \$182,312 through the Paycheck Protection Program established by the Small Business Administration. The loan has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the Charter School. The loan was funded on April 20, 2020.

Estimated annual maturities of long term debt are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 81,028
2022	<u>101,284</u>
	<u>\$ 182,312</u>

NOTE K: RELATED PARTY TRANSACTIONS

In February 2019, the Charter School received a \$110,000 unrestricted donation from Academy of Health Sciences Foundation. The mission of Academy of Health Sciences Foundation in their bylaws refers to financially supporting the formation and operation of charter schools. ASC-958-810 states that a not for profit must consolidate with a related party if there is both common board control and economic interest. As the Charter School has neither common board control nor an economic interest with Academy of Health Sciences Foundation as their financial involvement was limited to supporting the Charter School during formation, Academy of Health Sciences Foundation is not to be consolidated with the Charter School and is instead a related party transaction.

NOTE L: NET ASSETS

Net assets without donor restrictions consist of the following at June 30, 2020:

Undesignated net assets	\$ 324,948
Invested in property and equipment	<u>61,851</u>
	<u>\$ 386,799</u>

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

NOTE M: 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 originating in Wuhan, China (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 Charter School’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 Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Academy of Health Sciences Charter School

We have audited the financial statements of Academy of Health Sciences Charter School as of June 30, 2020 and for the period from November 6, 2018 (date of inception) to June 30, 2020, and have issued our report thereon dated October 21, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 21, 2020

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2020 AND THE PERIOD FROM
NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2019

	Year ended June 30, 2020	Period from November 6, 2018 (date of inception) to June 30, 2019	Total
Operating revenue and support:			
State and local per pupil operating revenue	\$ 1,413,723	\$ -	\$ 1,413,723
Government grants	463,572	192,435	656,007
Contributions	29,437	110,000	139,437
Other income	2,292	-	2,292
TOTAL OPERATING REVENUE AND SUPPORT	1,909,024	302,435	2,211,459
Personnel services costs:			
Administrative staff personnel	320,463	78,394	398,857
Instructional personnel	507,985	-	507,985
Non-instructional personnel	56,179	-	56,179
Total salaries and wages	884,627	78,394	963,021
Fringe benefits and payroll taxes	127,658	8,114	135,772
Retirement	12,480	1,692	14,172
Legal services	192	1,020	1,212
Accounting and auditing services	49,000	7,500	56,500
Other purchased/professional/and consulting services	20,939	5,684	26,623
Building and land rent	174,155	-	174,155
Repairs and maintenance	32,150	4,949	37,099
Insurance	23,083	1,198	24,281
Utilities	30,192	431	30,623
Supplies and materials	61,486	-	61,486
Equipment and furnishings	11,457	15,180	26,637
Staff development	47,415	20,145	67,560
Marketing and recruitment	29,939	28,185	58,124
Technology	39,562	5,439	45,001
Student services	59,685	-	59,685
Office expense	15,752	918	16,670
Depreciation	17,042	157	17,199
Other	7,273	1,567	8,840
TOTAL EXPENSES	1,644,087	180,573	1,824,660
CHANGE IN NET ASSETS	\$ 264,937	\$ 121,862	\$ 386,799

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S 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*

Board of Trustees
Academy of Health Sciences Charter School

We have audited, 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, the financial statements of Academy of Health Sciences Charter School, which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, functional expenses and cash flows for the period from November 6, 2018 (date of inception) to June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Academy of Health Sciences Charter 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Academy of Health Sciences Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Academy of Health Sciences Charter 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 a 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Academy of Health Sciences Charter 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 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.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 21, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	Academy of Health Sciences Charter School
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	Rochester City School District
If located in NYC DOE select CSD:	-
School Fiscal Contact Name:	Alison Tyler, Director of Operations
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Mengel Metzger Barr & Co., LLP
School Audit Contact Name:	Michelle Cain
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	-

The following items are required to be included:

- 1.) The independent auditor's report on financial statements and notes.
- 2.) Excel template file containing the Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets.
- 3.) Reports on internal controls over financial reporting and on compliance.

The additional items listed below should be included if applicable. Please explain the reason(s) if the items are not included. Examples might include: a written management letter was not issued; the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000; the management letter response will be submitted by the following date (should be no later than 30 days from the submission of the report); etc.

Item	If not included, state the reason(s) below (if not applicable fill in N/A):
Management Letter	
Management Letter Response	N/A - management letter responses were not required
Form 990	N/A - 990 not due until a later date in time
Federal Single Audit (A-133)	N/A - AHS did not expend federal funds in excess of \$750,000
Corrective Action Plan	N/A - not deemed necessary

Academy of Health Sciences Charter School
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>-</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 329,187	\$ -
Grants and contracts receivable	224,887	-
Accounts receivables	-	-
Prepaid Expenses	48,041	-
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	602,115	-
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 61,851	\$ -
Restricted Cash	25,000	-
Security Deposits	14,513	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	101,364	-
TOTAL ASSETS	<u>703,479</u>	<u>-</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 14,070	\$ -
Accrued payroll, payroll taxes and benefits	87,678	-
Current Portion of Loan Payable	81,028	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	32,620	-
Other Current Liabilities	-	-
TOTAL CURRENT LIABILITIES	215,396	-
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 101,284	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	101,284	-
TOTAL LIABILITIES	<u>316,680</u>	<u>-</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 386,799	\$ -
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>386,799</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>703,479</u>	<u>-</u>

Academy of Health Sciences Charter School
Statement of Activities
as of June 30

	2020			-
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 1,413,723	\$ -	\$ 1,413,723	\$ -
State and Local Per Pupil Revenue - SPED	-	-	-	-
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	-	-	-	-
State and City Grants	656,007	-	656,007	-
Other Operating Income	141,729	-	141,729	-
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	2,211,459	-	2,211,459	-
EXPENSES				
Program Services				
Regular Education	\$ 932,190	\$ -	\$ 932,190	\$ -
Special Education	139,626	-	139,626	-
Other Programs	79,471	-	79,471	-
Total Program Services	1,151,287	-	1,151,287	-
Management and general	673,373	-	673,373	-
Fundraising	-	-	-	-
TOTAL EXPENSES	1,824,660	-	1,824,660	-
SURPLUS / (DEFICIT) FROM OPERATIONS	386,799	-	386,799	-
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ -	\$ -	\$ -	\$ -
Contributions and Grants	-	-	-	-
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	-	-	-	-
TOTAL SUPPORT AND OTHER REVENUE	-	-	-	-
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	386,799	-	386,799	-
NET ASSETS - BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 386,799	\$ -	\$ 386,799	\$ -

**Academy of Health Sciences Charter School
Statement of Cash Flows**

as of June 30

	<u>2020</u>	<u>-</u>
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 386,799	\$ -
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	17,199	-
Grants Receivable	(224,887)	-
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	(48,041)	-
Accounts Payable	14,070	-
Accrued Expenses	87,678	-
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	32,620	-
Interest payments	-	-
Other	-	-
Other	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 265,438	\$ -
CASH FLOWS - INVESTING ACTIVITIES	\$	\$
Purchase of equipment	(79,050)	-
Other	(14,513)	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (93,563)	\$ -
CASH FLOWS - FINANCING ACTIVITIES	\$	\$
Principal payments on long-term debt	(200,000)	-
Other	382,312	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 182,312	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 354,187	\$ -
Cash at beginning of year	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 354,187	\$ -

**Academy of Health Sciences Charter School
Statement of Functional Expenses
as of June 30**

		2020										-
No. of Positions	Program Services				Supporting Services			Total	Total	Total		
	Regular	Special	Other Education	Total	Fundraising	Management and	Total					
	Education	Education				General						
Personnel Services Costs		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Administrative Staff Personnel	5.00	-	-	-	-	-	398,857	398,857	398,857	398,857	-	
Instructional Personnel	11.00	399,828	108,157	-	507,985	-	-	-	507,985	507,985	-	
Non-Instructional Personnel	1.00	-	-	56,179	56,179	-	-	-	56,179	56,179	-	
Total Salaries and Staff	17.00	399,828	108,157	56,179	564,164	-	398,857	398,857	963,021	963,021	-	
Fringe Benefits & Payroll Taxes		56,952	15,406	8,002	80,360	-	55,412	55,412	135,772	135,772	-	
Retirement		5,945	1,608	835	8,388	-	5,784	5,784	14,172	14,172	-	
Management Company Fees		-	-	-	-	-	-	-	-	-	-	
Legal Service		-	-	-	-	-	1,212	1,212	1,212	1,212	-	
Accounting / Audit Services		-	-	-	-	-	56,500	56,500	56,500	56,500	-	
Other Purchased / Professional / Consulting Services		17,431	877	877	19,185	-	7,438	7,438	26,623	26,623	-	
Building and Land Rent / Lease		139,324	8,708	8,708	156,740	-	17,415	17,415	174,155	174,155	-	
Repairs & Maintenance		21,873	1,367	1,367	24,607	-	12,492	12,492	37,099	37,099	-	
Insurance		18,466	1,154	1,154	20,774	-	3,507	3,507	24,281	24,281	-	
Utilities		19,065	1,192	1,192	21,449	-	9,174	9,174	30,623	30,623	-	
Supplies / Materials		61,486	-	-	61,486	-	-	-	61,486	61,486	-	
Equipment / Furnishings		26,637	-	-	26,637	-	-	-	26,637	26,637	-	
Staff Development		47,415	-	-	47,415	-	20,145	20,145	67,560	67,560	-	
Marketing / Recruitment		-	-	-	-	-	58,124	58,124	58,124	58,124	-	
Technology		39,562	-	-	39,562	-	5,439	5,439	45,001	45,001	-	
Food Service		-	-	-	-	-	-	-	-	-	-	
Student Services		59,685	-	-	59,685	-	-	-	59,685	59,685	-	
Office Expense		-	-	-	-	-	16,670	16,670	16,670	16,670	-	
Depreciation		13,634	852	852	15,338	-	1,861	1,861	17,199	17,199	-	
OTHER		4,887	305	305	5,497	-	3,343	3,343	8,840	8,840	-	
Total Expenses		\$ 932,190	\$ 139,626	\$ 79,471	\$ 1,151,287	\$ -	\$ 673,373	\$ 673,373	\$ 1,824,660	\$ 1,824,660	\$ -	

ACADEMY OF HEALTH SCIENCES CHARTER SCHOOL

AGREED UPON PROCEDURES

PERIOD FROM
NOVEMBER 6, 2018 (Date of Inception)
TO JUNE 30, 2020

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees of Academy of Health Sciences Charter School:

We have performed the procedures enumerated below, which were agreed to by the management of Academy of Health Sciences Charter School (the "Charter School") and the New York State Education Department ("NYSED") solely to assist the specified parties in evaluating the Charter School's assertion to NYSED that it has maintained compliance with the requirements of the CSP grant and Federal and NYSED guidelines in managing the CSP grant. The Charter School's management is responsible for these procedures. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which the report has been requested or for any other purpose.

The procedures we performed and the related results are as follows:

Procedure No. 1: We will obtain the detail of expenditures incurred for the period under review relating to the CSP grant from the Charter School's accounting software and reconcile to the grant revenue recorded by the Charter School. If the CSP grant revenue does not equal the grant expenditures, we will investigate the differences.

Result

We obtained the detail of expenditures incurred for the period under review relating to the CSP grant from the Charter School's accounting software and the grant revenue recorded by the Charter School. We observed that the CSP grant revenue equaled the grant expenditures.

Procedure No. 2: We will obtain the NYSED approved CSP grant award information, including the budget and any amendments, to determine if the revenue and expenditures recorded for the period appear reasonable.

Result

We observed the Charter School's approved FS-10 and FS-10A and it appears that revenue and expenditures in the period are reasonable.

Procedure No. 3: We will select a sample of expenditures from the detail obtained in Procedure No. 1.

- a. Payroll – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- b. Other expenses – We will select 10 items or 10% of the total number of other expense items charged to the grant, whichever is less.
- c. Using the above selected items, we will:
 - i. Determine if the expenditure is in accordance with the purpose of the grant and that pre-opening expenditures are charged to pre-opening periods.
 - ii. Determine if the expenditure falls into an approved budget category.
 - iii. Determine if the expenditure was charged to the appropriate fiscal period.

Result

We selected a sample of three payroll items and ten other expenses. Based on our testing, we noted the payroll items and other expenditures fall into the appropriate budget category and the payroll items and other expenditures were charged to the appropriate fiscal period. For all selections, we observed payroll items and other expenditures were in accordance with the purpose of the grant and pre-opening payrolls and other expenditures were charged to pre-opening periods.

Procedure No. 4: We will obtain FS-25 form(s) submitted to NYSED during the year under review and perform the following:

- a. Trace expenditures selected in Procedure No. 3 to requests for reimbursement. Determine that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquire of responsible charter school officials as to the plan for requesting reimbursement, and determine if a receivable is recorded, if appropriate.
- b. If FS-25 forms included amounts on Line 4 (Cash Expenditures Anticipated During Next Month), we will determine if funds were expended within 1 month following the date of the request and is at least the amount shown on Line 4.

Result

We obtained the Charter School's FS-25's and noted the selected items were appropriately included in the request from reimbursement. The requests for reimbursement appear to be in the appropriate period. The Charter School had one FS-25 during the period which had a balance on Line 4 (Cash Expenditures Anticipated During Next Month). We examined one FS-25 Line 4 balance and noted the amount was properly expended within one month following the date of the request.

Procedure No. 5: For schools with a weighted lottery during the period under review we will:

- a. Obtain documentation the school received permission from the NYSED Charter School Office for the weighted lottery.
- b. Obtain the results of the weighted lottery.
 - Note weighted lotteries must be conducted using the NYSED Weighted Lottery Generator (WLG). When the WLG is used, a copy of the “lottery PDF” should be observed. (This PDF is generated after the WLG has conducted the lottery.)

Result

The Charter School did not hold a weighted lottery during the period under review.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, on these procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Academy of Health Sciences Charter School and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 14, 2020

Academy of Health Sciences Charter School

PROJECTED BUDGET FOR 2020-2021

July 1, 2020 to June 30, 2021

Assumptions

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	2,617,460	383,886	-	-	-	3,001,346
Total Expenses	2,572,286	282,419	-	-	-	2,854,705
Net Income	45,174	101,467	-	-	-	146,641
Actual Student Enrollment	167	25	-	-	-	-
Total Paid Student Enrollment	-	-	-	-	-	-

PROGRAM SERVICES

SUPPORT SERVICES

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
----------------------	----------------------	-------	-------------	-------------------------	-------

REVENUE

REVENUES FROM STATE SOURCES

Per Pupil Revenue

CY Per Pupil Rate

- Rochester City School District
- Greece Central Schools
- School District 3 (Enter Name)
- School District 4 (Enter Name)
- School District 5 (Enter Name)

\$13,787.00
\$11,998.00

2,178,346	330,888	-	-	-	2,509,234
107,982	11,998	-	-	-	119,980
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,286,328	342,886	-	-	-	2,629,214

Rate for 2020-2021 for 182 pupils
Spencerport and Rush-Henrietta rates are higher, and West Irondequoit (1 applicant)

- Special Education Revenue
- Grants
- Stimulus
- Other
- Other State Revenue

-	41,000	-	-	-	41,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Estimate based on doubling the actual from FY20

TOTAL REVENUE FROM STATE SOURCES

2,286,328	383,886	-	-	-	2,670,214
-----------	---------	---	---	---	-----------

REVENUE FROM FEDERAL FUNDING

- IDEA Special Needs
- Title I
- Title Funding - Other
- School Food Service (Free Lunch)
- Grants
- Charter School Program (CSP) Planning & Implementation
- Other
- Other Federal Revenue

-	-	-	-	-	-
100,000	-	-	-	-	100,000
3,600	-	-	-	-	3,600
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Estimate based on doubling the actual from FY20
Estimate based on doubling the actual from FY20

TOTAL REVENUE FROM FEDERAL SOURCES

103,600	-	-	-	-	103,600
---------	---	---	---	---	---------

LOCAL and OTHER REVENUE

- Starting cash balance
- Contributions and Donations, Fundraising
- Erate Reimbursement
- Interest Income, Earnings on Investments,
- NYC-DYCD (Department of Youth and Community Developmt.)
- Food Service (Income from meals)
- Text Book
- Other Local Revenue

212,332	-	-	-	-	212,332
5,000	-	-	-	-	5,000
7,200	-	-	-	-	7,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	-	-	-	-	3,000

Assuming similar level of donations
E-Rate estimate of 80% coverage of main internet connection

TOTAL REVENUE FROM LOCAL and OTHER SOURCES

227,532	-	-	-	-	227,532
---------	---	---	---	---	---------

TOTAL REVENUE

2,617,460	383,886	-	-	-	3,001,346
-----------	---------	---	---	---	-----------

List exact titles and staff FTE's (Full time equivilalent)

EXPENSES

ADMINISTRATIVE STAFF PERSONNEL COSTS

No. of Positions

- Executive Management
- Instructional Management
- Deans, Directors & Coordinators
- Place-holder
- Operation / Business Manager
- Administrative Staff

1.00
1.00
4.00
-
-
2.00
8

125,000	-	-	-	-	125,000
95,000	-	-	-	-	95,000
280,000	-	-	-	-	280,000
20,000	-	-	-	-	20,000
-	-	-	-	-	-
100,000	-	-	-	-	100,000
620,000	-	-	-	-	620,000

Principal 1.0
Assistant Principal 1.0
Director of Operations 1.0; Dean of Students 2.0; Data Specialist 1.0
Principal and Director of Operations based on final performance evaluations
Office Manager 1.0; Operations Assistant 1.0

TOTAL ADMINISTRATIVE STAFF

INSTRUCTIONAL PERSONNEL COSTS

- Teachers - Regular
- Teachers - SPED
- Substitute Teachers
- Teaching Assistants

9.00
4.00
-
-

487,901	-	-	-	-	487,901
-	228,402	-	-	-	228,402
-	-	-	-	-	-
-	-	-	-	-	-

ELA Teacher 4.0; Math Teacher 4.0; Science Teacher 1.0
Special Education Teacher 4.0

Academy of Health Sciences Charter School

PROJECTED BUDGET FOR 2020-2021

July 1, 2020 to June 30, 2021

Assumptions

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	2,617,460	383,886	-	-	-	3,001,346
Total Expenses	2,572,286	282,419	-	-	-	2,854,705
Net Income	45,174	101,467	-	-	-	146,641
Actual Student Enrollment	167	25	-	-	-	-
Total Paid Student Enrollment	-	-	-	-	-	-

PROGRAM SERVICES

SUPPORT SERVICES

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
----------------------	----------------------	-------	-------------	-------------------------	-------

Specialty Teachers	3.00	158,400	-	-	-	158,400	Music Teacher 1.0; P.E. Teacher 1.0; Art Teacher 1.0
Aides	-	-	-	-	-	-	
Therapists & Counselors	1.00	56,000	-	-	-	56,000	Counselor 1.0
Other	-	-	-	-	-	-	
TOTAL INSTRUCTIONAL	17	702,301	228,402	-	-	930,703	
NON-INSTRUCTIONAL PERSONNEL COSTS							
Nurse	-	-	-	-	-	-	
Librarian	-	-	-	-	-	-	
Custodian	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
TOTAL NON-INSTRUCTIONAL	-	-	-	-	-	-	
SUBTOTAL PERSONNEL SERVICE COSTS	25	1,322,301	228,402	-	-	1,550,703	
PAYROLL TAXES AND BENEFITS							
Payroll Taxes	-	101,156	17,473	-	-	118,629	
Fringe / Employee Benefits	-	175,824	29,692	-	-	205,516	Estimated at 13% plus paying out unused PTO from 2019-2020
Retirement / Pension	-	39,669	6,852	-	-	46,521	
TOTAL PAYROLL TAXES AND BENEFITS	-	316,649	54,017	-	-	370,666	
TOTAL PERSONNEL SERVICE COSTS	-	1,638,950	282,419	-	-	1,921,369	
CONTRACTED SERVICES							
Accounting / Audit	-	67,100	-	-	-	67,100	
Legal	-	5,000	-	-	-	5,000	
Substitute teachers	-	11,000	-	-	-	11,000	
Management Company Fee	-	-	-	-	-	-	
Nurse Services	-	-	-	-	-	-	
Food Service / School Lunch	-	-	-	-	-	-	
Payroll Services	-	11,200	-	-	-	11,200	
Special Ed Services	-	-	-	-	-	-	
Titlement Services (i.e. Title I)	-	-	-	-	-	-	
Other Purchased / Professional / Consulting	-	8,500	-	-	-	8,500	BOCES
TOTAL CONTRACTED SERVICES	-	102,800	-	-	-	102,800	
SCHOOL OPERATIONS							
Board Expenses	-	1,500	-	-	-	1,500	
Classroom / Teaching Supplies & Materials	-	13,000	-	-	-	13,000	
Professional development & curriculum	-	90,000	-	-	-	90,000	
Special Ed Supplies & Materials	-	-	-	-	-	-	
Textbooks / Workbooks	-	-	-	-	-	-	
Supplies & Materials other	-	-	-	-	-	-	
Equipment / Furniture	-	45,000	-	-	-	45,000	Classroom furniture: \$20,000; office furniture: \$20,000; cafeteria tables: \$5,000
Telephone	-	13,640	-	-	-	13,640	Spectrum backup: 110/mo
Technology	-	114,360	-	-	-	114,360	technology: \$44,000; staff technology: \$26,360; student enrollment systems: \$21,000
Student Testing & Assessment	-	17,300	-	-	-	17,300	GoGuardian 1 year: \$3300
Field Trips	-	9,000	-	-	-	9,000	year
Transportation (student)	-	-	-	-	-	-	None - assuming calendar aligns with RCSD calendar
Student Services - other	-	-	-	-	-	-	
Office Expense	-	18,500	-	-	-	18,500	
Staff Development	-	-	-	-	-	-	
Staff Recruitment	-	8,000	-	-	-	8,000	
Student Recruitment / Marketing	-	15,000	-	-	-	15,000	
School Meals / Lunch	-	-	-	-	-	-	
Travel (Staff)	-	-	-	-	-	-	

Academy of Health Sciences Charter School

PROJECTED BUDGET FOR 2020-2021

July 1, 2020 to June 30, 2021

Assumptions

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	2,617,460	383,886	-	-	-	3,001,346
Total Expenses	2,572,286	282,419	-	-	-	2,854,705
Net Income	45,174	101,467	-	-	-	146,641
Actual Student Enrollment	167	25	-	-	-	-
Total Paid Student Enrollment	-	-	-	-	-	-

PROGRAM SERVICES

SUPPORT SERVICES

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
----------------------	----------------------	-------	-------------	-------------------------	-------

Parent empowerment events	19,000					19,000
Fundraising	-	-	-	-	-	-
School shirts	8,050					8,050
Other	-	-	-	-	-	-
TOTAL SCHOOL OPERATIONS	372,350	-	-	-	-	372,350

Free shirts for staff (2 each): \$450

FACILITY OPERATION & MAINTENANCE

Insurance	31,500	-	-	-	-	31,500
Janitorial	37,000	-	-	-	-	37,000
Building and Land Rent / Lease	286,074	-	-	-	-	286,074
Repairs & Maintenance	14,000	-	-	-	-	14,000
Equipment / Furniture	-	-	-	-	-	-
Security	6,000	-	-	-	-	6,000
Utilities	35,000	-	-	-	-	35,000
TOTAL FACILITY OPERATION & MAINTENANCE	409,574	-	-	-	-	409,574

DEPRECIATION & AMORTIZATION

	23,612	-	-	-	-	23,612
--	--------	---	---	---	---	--------

DISSOLUTION ESCROW & RESERVES / CONTINGENCY

	25,000	-	-	-	-	25,000
--	--------	---	---	---	---	--------

TOTAL EXPENSES	2,572,286	282,419	-	-	-	2,854,705
-----------------------	------------------	----------------	----------	----------	----------	------------------

NET INCOME	45,174	101,467	-	-	-	146,641
-------------------	---------------	----------------	----------	----------	----------	----------------

ENROLLMENT - *School Districts Are Linked To Above Entries*

	REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED
Rochester City School District	158	24	182
Greece Central Schools	9	1	10
School District 3 (Enter Name)			-
School District 4 (Enter Name)			-
School District 5 (Enter Name)			-
TOTAL ENROLLMENT	167	25	192
REVENUE PER PUPIL	15,673	15,355	-
EXPENSES PER PUPIL	15,403	11,297	-



FOR INQUIRIES CALL: GREECE TOWNE MALL OFFICE
(585) 720-5000

00 0 00009M NM 017

000000

P

ACADEMY OF HEALTH SCIENCES CHARTER
SCHOOL
1001 LAKE AVE
ROCHESTER NY 14613

ACCOUNT TYPE
NON-PROFIT CHECKING

ACCOUNT NUMBER	STATEMENT PERIOD
██████████	09/01/20 - 09/30/20

BEGINNING BALANCE	\$25,000.00
DEPOSITS & CREDITS	0.00
LESS CHECKS & DEBITS	0.00
LESS SERVICE CHARGES	0.00
ENDING BALANCE	\$25,000.00

ACCOUNT ACTIVITY

POSTING DATE	TRANSACTION DESCRIPTION	DEPOSITS & OTHER CREDITS (+)	WITHDRAWALS & OTHER DEBITS (-)	DAILY BALANCE
09/01/2020	BEGINNING BALANCE NUMBER OF DEPOSITS/CHECKS PAID	0	0	\$25,000.00

HOW TO BALANCE YOUR M&T BANK ACCOUNT

TO BALANCE YOUR ACCOUNT WITH THIS STATEMENT COMPLETE STEPS 1,2, & 3.

STEP 1 Place a checkmark (✓) beside each item listed on this statement which has a corresponding entry in your register.
Also place a checkmark next to the item in your register.

STEP 2 Add to your register:
(a) Any deposits and other credits shown on this statement which you have not already entered.
(b) Any interest this statement shows credited to your account.

STEP 3 Subtract from your register:
(a) Any checks or other withdrawals shown on this statement which you did not enter into your register.
(b) Any automatic loan payments or ATM or other electronic debits shown on this statement which you have not already subtracted.
(c) Any service charges shown on this statement which you have not already subtracted.

TO DETERMINE THE CURRENT BALANCE IN YOUR ACCOUNT:

STEP 4 List any outstanding checks or debits written in your register, but not yet appearing on your statement.

OUTSTANDING CHECKS AND OTHER DEBITS	
NUMBER	AMOUNT
1	\$
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
SUBTOTAL OF COLUMN 1	\$

OUTSTANDING CHECKS AND OTHER DEBITS	
NUMBER	AMOUNT
13	\$
14	
15	
16	
17	
18	
19	
20	
21	
22	
SUBTOTAL OF COLUMN 2	
SUBTOTAL OF COLUMN 1 +	
TOTAL OUTSTANDING CHECKS AND DEBITS	\$

STEP 5 Enter on this line the **Ending Balance** shown in the summary on the front of this statement.

\$	
----	--

STEP 6 Enter the total of any deposits or other credits shown on your register which are not shown on this statement.

\$	
----	--

STEP 7 Enter the total of **STEPS 5 & 6**.

\$	
----	--

STEP 8 Enter **TOTAL OUTSTANDING CHECKS & DEBITS** (from **STEP 4**).

\$	
----	--

STEP 9 Subtract **STEP 8** from **STEP 7** and enter the difference here.

\$	
----	--

This amount should be your current account balance.

If you have questions, think your statement is incorrect, or for information regarding Treasury Management Services, please contact your M&T Relationship Manager or the Commercial Service Team at 1-800-724-2240, Monday through Friday, 8am - 6pm ET.

