

October 6, 2020

The Board of Trustees and Management
Charter School of Inquiry

In planning and performing our audit of the financial statements of Charter School of Inquiry (the School) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing auditing 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to errors or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Lumsden & McCormick, LLP

CHARTER SCHOOL OF INQUIRY

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Charter School of Inquiry

We have audited the accompanying balance sheets of Charter School of Inquiry (the School) as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for years then 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 based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 6, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lyman & McCormick, LLP". The signature is written in a cursive, flowing style.

October 6, 2020

CHARTER SCHOOL OF INQUIRY

Balance Sheets

June 30,	2020	2019
Assets		
Current assets:		
Cash	\$ 2,350,920	\$ 1,567,758
Receivables (Note 2)	50,386	19,921
Prepaid expenses	5,671	2,040
	<u>2,406,977</u>	<u>1,589,719</u>
Property and equipment, net (Note 3)	1,215,703	1,249,025
Restricted cash	75,000	75,000
	<u>\$ 3,697,680</u>	<u>\$ 2,913,744</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt (Note 5)	\$ 26,847	\$ 13,763
Accounts payable	57,399	47,389
Accrued expenses	254,340	229,128
	<u>338,586</u>	<u>290,280</u>
Long-term debt (Note 5)	1,095,957	1,122,804
Net assets:		
Without donor restrictions	2,263,137	1,500,660
	<u>\$ 3,697,680</u>	<u>\$ 2,913,744</u>

CHARTER SCHOOL OF INQUIRY

Statements of Activities

For the years ended June 30,	2020	2019
Support and revenue:		
Enrollment fees:		
Resident students	\$ 4,141,308	\$ 3,158,220
Resident students with disabilities	147,423	81,286
Additional state aid	-	64,943
Contributions - federal and state awards	196,240	147,667
Interest and other income	14,762	7,049
Total support and revenue	4,499,733	3,459,165
Expenses:		
Program expenses:		
Regular education	2,524,540	2,128,150
Special education	324,217	213,951
Other program	135,305	138,367
Supporting services:		
Management and general	753,194	726,812
Total expenses	3,737,256	3,207,280
Change in net assets	762,477	251,885
Net assets - beginning	1,500,660	1,248,775
Net assets - ending	\$ 2,263,137	\$ 1,500,660

CHARTER SCHOOL OF INQUIRY

Statements of Functional Expenses

For the years ended June 30,

	2020					
	Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
Administrative personnel	4.0	\$ -	\$ -	\$ -	\$ 315,696	\$ 315,696
Instructional personnel	44.0	1,463,859	125,429	-	-	1,589,288
Non-instructional personnel	3.0	-	-	68,843	-	68,843
Total salaries	51.0	\$ 1,463,859	\$ 125,429	\$ 68,843	\$ 315,696	\$ 1,973,827
Salaries		\$ 1,463,859	\$ 125,429	\$ 68,843	\$ 315,696	\$ 1,973,827
Employee benefits and payroll taxes		306,625	26,273	14,420	66,127	413,445
Retirement		70,290	6,023	3,305	15,159	94,777
Staff and student recruitment		-	-	-	13,234	13,234
Classroom supplies and materials		141,977	-	-	-	141,977
Consultants		101,915	154,576	-	50,243	306,734
Field trips		10,218	-	-	-	10,218
Insurance		27,211	1,701	1,701	3,401	34,014
Interest		97,014	6,063	6,063	12,127	121,267
Office expense		19,467	1,217	1,217	2,433	24,334
Other expenses		7,532	463	463	926	9,384
Payroll processing		-	-	-	65,038	65,038
Professional fees		-	-	-	82,929	82,929
Repairs and maintenance		-	-	-	106,131	106,131
Staff development		53,365	-	-	-	53,365
Student activities		-	-	6,695	-	6,695
Student testing and assessment		9,720	-	-	-	9,720
Technology		57,348	-	-	-	57,348
Telephone		4,226	264	264	528	5,282
Transportation		-	-	15,319	-	15,319
Utilities		35,321	2,208	2,208	4,415	44,152
		2,406,088	324,217	120,498	738,387	3,589,190
Depreciation		118,452	-	14,807	14,807	148,066
Total		\$ 2,524,540	\$ 324,217	\$ 135,305	\$ 753,194	\$ 3,737,256

See accompanying notes.

2019

Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
4.0	\$ -	\$ -	\$ -	\$ 310,894	\$ 310,894
47.0	1,274,889	80,126	-	-	1,355,015
2.0	-	-	67,950	-	67,950
53.0	\$ 1,274,889	\$ 80,126	\$ 67,950	\$ 310,894	\$ 1,733,859
	\$ 1,274,889	\$ 80,126	\$ 67,950	\$ 310,894	\$ 1,733,859
	269,714	16,491	14,292	65,229	365,726
	58,968	3,605	3,124	14,262	79,959
	-	-	-	14,444	14,444
	22,051	-	-	-	22,051
	109,985	101,260	-	32,000	243,245
	6,655	-	-	-	6,655
	26,493	1,656	1,656	3,312	33,117
	97,578	6,099	6,099	12,197	121,973
	18,461	1,154	1,154	2,308	23,077
	5,759	359	702	718	7,538
	-	-	-	53,698	53,698
	-	-	-	92,167	92,167
	-	-	-	106,227	106,227
	39,604	-	-	-	39,604
	-	-	5,206	-	5,206
	10,294	-	-	-	10,294
	32,856	-	-	-	32,856
	4,138	259	259	518	5,174
	-	-	22,029	-	22,029
	47,071	2,942	2,942	5,884	58,839
	2,024,516	213,951	125,413	713,858	3,077,738
	103,634	-	12,954	12,954	129,542
	\$ 2,128,150	\$ 213,951	\$ 138,367	\$ 726,812	\$ 3,207,280

CHARTER SCHOOL OF INQUIRY

Statements of Cash Flows

For the years ended June 30,	2020	2019
Operating activities:		
Cash received from enrollment fees	\$ 4,263,854	\$ 3,320,065
Cash received from contributions - federal and state awards	191,327	211,125
Cash received from other sources	14,087	7,049
Payments to employees for services and benefits	(2,456,837)	(2,104,428)
Payments to vendors and suppliers	(995,401)	(805,753)
Interest paid	(121,267)	(121,973)
Net operating activities	895,763	506,085
Investing activities:		
Property and equipment expenditures	(98,838)	(4,415)
Financing activities:		
Principal payments on long-term debt	(13,763)	(14,478)
Net change in cash and restricted cash	783,162	487,192
Cash and restricted cash - beginning	1,642,758	1,155,566
Cash and restricted cash - ending	\$ 2,425,920	\$ 1,642,758

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization and Purpose:

Charter School of Inquiry (the School) operates a charter school in the City of Buffalo, New York (the City) authorized by the Board of Regents of the University of the State of New York. Pursuant to its charter application, the School began operations in the fiscal year ended June 30, 2016. The School offered classes from kindergarten through sixth grade in 2020 (kindergarten through fifth in 2019). The School is chartered through June 2022 and continued operations are contingent upon approval of its charter renewal.

New Accounting Standards Adopted:

During the year ended June 30, 2020, the School adopted two new comprehensive revenue recognition models under Financial Accounting Standards Board (FASB) Accounting Standard Updates (ASU).

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, addresses the differences between contributions and exchange transactions including guidance on timing and revenue recognition. ASU 2018-08 was adopted using the modified prospective method.

ASU 2014-09, *Revenue from Contracts with Customers*, requires an organization to recognize revenue from exchange transactions to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 was adopted using the full retrospective method.

The adoption of these standards did not impact the School's recognition of revenue and related accounts.

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through October 6, 2020, the date the financial statements were available to be issued.

Cash:

Cash in financial institutions potentially subjects the School to concentrations of credit risk, since it may exceed insured limits at various times throughout the year. The School complies with a requirement to hold no less than \$75,000 in an escrow account to pay legal and audit expenses that would be associated with dissolution should it occur. This is included as restricted cash on the balance sheets as of June 30, 2020 and 2019.

Property and Equipment:

Property and equipment is stated at cost net of accumulated depreciation. Depreciation is provided over estimated asset service lives using the straight-line method. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Revenue Recognition:

Enrollment Fees

Enrollment fees are received from the public-school districts in which the student resides. The amount received each year from the resident district is generally the product of the approved operating expense per pupil and the full time equivalent enrollment of the students in the School residing in that district. The respective districts also reimburse the School for special education service based on approved applicable rates for the services provided. Revenues are recognized over the period the services are provided. The School generally invoices the resident district bimonthly and payment is due in 30 days. Enrollment fees received in advance are deferred and recognized when earned. The School's enrollment fees are received primarily from the Board of Education for the City School District (the District).

In June 2019, all New York State charter schools serving students in the fiscal 2019 school year received additional state aid. The additional aid was based on the number of students served during fiscal 2019 and was paid directly from the New York State Education Department. No additional state aid was received for the year ended June 30, 2020.

Contributions

Contributions, which include government awards, are reported at fair value at the date the pledge or award is received. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are shown as support without donor restrictions.

Conditional contributions, primarily government awards, are recorded as revenue when the School meets requirements in compliance with specific agreements. Amounts received before the required conditions are met are reported as refundable advances on the accompanying balance sheets. These conditional contributions are subject to compliance and financial audits by the funding sources. Management believes no significant adjustments are necessary to recognized amounts.

Receivables

Receivables are stated at the amounts management expects to collect from outstanding balances. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to uncollectible receivables and a credit to accounts receivable. An allowance for doubtful accounts is considered unnecessary by management because all significant amounts deemed uncollectible are written off each year.

Income Taxes:

The School is a 501(c)(3) organization exempt from taxation under Section 501(a) of the Internal Revenue Code.

Transportation and Food Services:

The District provides the School with certain transportation and food services without cost. The value of these services has not been recorded in the accompanying financial statements.

Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Functional Expense Allocation:

The School's costs of providing its various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include salaries and benefits, which are allocated based on estimates of time and effort, and depreciation, interest, and utilities which are allocated based on management's estimate of program benefit.

2. Receivables:

	2020	2019
Enrollment fees	\$ 29,211	\$ 4,334
Contributions	20,500	15,587
Other	675	-
	<u>\$ 50,386</u>	<u>\$ 19,921</u>

Enrollment fees receivable at June 30, 2020 include \$12,800 withheld by the District for disputed rates of special education services provided by the School from 2008 through 2018 (Note 9).

3. Property and Equipment:

	2020	2019
Building and improvements	\$ 1,457,019	\$ 1,453,317
Instructional and office equipment	340,087	229,045
	<u>1,797,106</u>	<u>1,682,362</u>
Less accumulated depreciation	581,403	433,337
	<u>\$ 1,215,703</u>	<u>\$ 1,249,025</u>

4. Short-Term Borrowings:

The School has available a \$200,000 bank demand line of credit for working capital secured by essentially all business assets with interest payable at prime plus 0.5%. The line is subject to the usual terms and conditions applied by the bank for working capital financing and is annually reviewed and renewed. There were no borrowings on the line of credit at June 30, 2020 and 2019.

5. Long-Term Debt - Lease Obligations:

In January 2015, the School entered into a series of purchase, lease, and sublease contracts with a developer to acquire and renovate its building, and currently subleases the premises from the developer under an absolute triple net lease. The lease obligation and related assets have been capitalized for financial reporting purposes. Consequently, building and improvements and instructional and office equipment include capitalized leased assets totaling \$1,126,000. Amortization of leased assets included in depreciation expense was \$71,300 for each of the years ended June 30, 2020 and 2019, and net book value of leased assets was \$769,500 and \$840,800 at June 30, 2020 and 2019.

The capital lease term extends through June 2035 with five successive five-year renewal options. The agreement contains a buyout provision whereby the School may terminate the lease in consideration of payment of the remaining balance on the mortgage note payable and any other amounts due the landlord, plus a buyout provision. The buyout provision is based on a fixed schedule starting at \$1,126,000 with an annual escalation clause of 2%.

In February 2018, the School also entered into a non-cancelable capital lease agreement for office equipment totaling \$32,784. Future minimum annual rentals to be paid for the capital leases are:

2021	\$ 146,293
2022	138,600
2023	138,600
2024	138,600
2025	138,600
Thereafter	<u>1,656,720</u>
	2,357,413
Amounts representing interest (10.8%)	<u>1,234,609</u>
Net liability	1,122,804
Less current portion	26,847
Long-term portion	<u>\$ 1,095,957</u>

6. Pension Plan:

The School participates in a multiple employer 401(k) pension plan covering essentially all employees. The School contributes 5% of employees' salaries to the plan, subject to certain limitations. The School's pension expense was \$94,777 and \$79,959 for the years ended June 30, 2020 and 2019.

7. Cash Flows Information:

The 2020 statement of cash flows exclude property and equipment expenditures included in accounts payable at June 30, 2020 totaling \$15,906.

8. Financial Assets Available for Operating Purposes:

The School obtains financial assets generally through enrollment fees and contributions. The financial assets are acquired throughout the year to help meet the School's cash needs for general expenditures. If necessary, the School also has access to a \$200,000 bank demand line of credit (Note 4).

The School's financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	2019
Cash available for operations	\$ 2,350,920	\$ 1,567,758
Receivables	50,386	19,921
	<u>\$ 2,401,306</u>	\$ 1,587,679

9. Contingency:

In 2019, an audit by the Office of the New York State Comptroller determined the District had provided incorrect special education rates for over a decade. As a result, there is a dispute with the rate used for aid that passes through the District to the School for special education services. In February 2020, the District informed the School of its intent to recoup approximately \$25,600 in special education aid paid over the past decade of which approximately \$12,800 was recouped through June 30, 2020. This recoupment, in the amount of approximately \$12,800 (Note 2), has been recorded as a receivable at June 30, 2020 in the accompanying financial statements.

In April 2020, a court ruling determined that charter schools must first exhaust administrative remedies by submitting a State intercept form to the New York State Education Department Commissioner (the Commissioner) to recover monies withheld from the School. Consequently, the School has submitted a State intercept to the Commissioner and is following the administrative procedures to resolve the matter. No liability is recorded in these financial statements as management believes the School will be successful in challenging the District's recoupment of funds through the State administrative procedure.

10. Risks and Uncertainties due to COVID-19:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and all schools and resulted in a severe disruption of operations for many organizations.

In March 2020, the School transitioned to remote instruction for the remainder of the 2019-20 School year. Consequently, enrollment fees and revenue for the year ended June 30, 2020 were not reduced. The School's restart plan for the 2020-21 School year includes remote instruction in compliance with all government safety mandates.

In July 2020, the School received a loan of \$435,923 from the Small Business Administration under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act. Some or all of the loan may be forgiven if certain criteria is met. Otherwise, the loan is unsecured, bears interest at 1%, and is payable over a negotiable period of time.

The extent of the impact of COVID-19 on the School's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, and its impact on schools, including its students and families, employees, and vendors, none of which can be predicted.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Charter School of Inquiry

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Charter School of Inquiry (the School), which comprise the balance sheet as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free 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.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

October 6, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	Charter School of Inquiry
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	Buffalo City School District
If located in NYC DOE select CSD:	-
School Fiscal Contact Name:	Karenb Burhans
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Lumsden, McCormick, LLP
School Audit Contact Name:	Thomas Burns
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	2018-19

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	N/A
Management Letter Response	N/A
Form 990	
Federal Single Audit (A-133)	
Corrective Action Plan	N/A

**Charter School of Inquiry
Statement of Financial Position
as of June 30**

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,350,920	\$ 1,567,758
Grants and contracts receivable	50,386	19,921
Accounts receivables	-	-
Prepaid Expenses	5,671	2,040
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>2,406,977</u>	<u>1,589,719</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 1,215,703	\$ 1,249,025
Restricted Cash	75,000	75,000
Security Deposits	-	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>1,290,703</u>	<u>1,324,025</u>
TOTAL ASSETS	<u>3,697,680</u>	<u>2,913,744</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 57,399	\$ 47,389
Accrued payroll, payroll taxes and benefits	254,340	229,128
Current Portion of Loan Payable	26,847	13,763
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	-
Other Current Liabilities	-	-
TOTAL CURRENT LIABILITIES	<u>338,586</u>	<u>290,280</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 1,095,957	\$ 1,122,804
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	<u>1,095,957</u>	<u>1,122,804</u>
TOTAL LIABILITIES	<u>1,434,543</u>	<u>1,413,084</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 2,263,137	\$ 1,500,660
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>2,263,137</u>	<u>1,500,660</u>
TOTAL LIABILITIES AND NET ASSETS	<u>3,697,680</u>	<u>2,913,744</u>

**Charter School of Inquiry
Statement of Activities
as of June 30**

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 4,141,308	\$ -	\$ 4,141,308	\$ 3,158,220
State and Local Per Pupil Revenue - SPED	147,423	-	147,423	81,286
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	196,240	-	196,240	147,667
State and City Grants	-	-	-	64,943
Other Operating Income	14,762	-	14,762	7,049
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	4,499,733	-	4,499,733	3,459,165
EXPENSES				
Program Services				
Regular Education	\$ 2,524,540	\$ -	\$ 2,524,540	\$ 2,128,150
Special Education	324,217	-	324,217	213,951
Other Programs	135,305	-	135,305	138,367
Total Program Services	2,984,062	-	2,984,062	2,480,468
Management and general	-	-	-	-
Fundraising	753,194	-	753,194	726,812
TOTAL EXPENSES	3,737,256	-	3,737,256	3,207,280
SURPLUS / (DEFICIT) FROM OPERATIONS	762,477	-	762,477	251,885
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	762,477	-	762,477	251,885
NET ASSETS - BEGINNING OF YEAR	\$ 1,500,660	\$ -	\$ 1,500,660	\$ 1,248,775
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 2,263,137	\$ -	\$ 2,263,137	\$ 1,500,660

**Charter School of Inquiry
Statement of Cash Flows**

as of June 30

	2020	2019
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ -	\$ -
Revenues from School Districts	4,263,854	3,320,065
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	-	-
Grants Receivable	191,327	211,125
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	-	-
Accounts Payable	(995,401)	(805,753)
Accrued Expenses	(2,456,837)	(2,104,428)
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	14,087	7,049
Deferred Revenue	-	-
Interest payments	(121,267)	(121,973)
Other	-	-
Other	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 895,763	\$ 506,085
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	(98,838)	(4,415)
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (98,838)	\$ (4,415)
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	(13,763)	(14,478)
Other	-	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ (13,763)	\$ (14,478)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 783,162	\$ 487,192
Cash at beginning of year	1,642,758	1,155,566
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,425,920	\$ 1,642,758

**Charter School of Inquiry
Statement of Functional Expenses
as of June 30**

		2020							2019	
No. of Positions	Program Services				Supporting Services			Total		
	Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total			
Personnel Services Costs		\$	\$	\$	\$	\$	\$	\$	\$	
Administrative Staff Personnel	4.00	-	-	-	-	-	315,696	315,696	315,696	310,894
Instructional Personnel	44.00	1,463,859	125,429	-	1,589,288	-	-	-	1,589,288	1,355,015
Non-Instructional Personnel	3.00	-	-	68,843	68,843	-	-	-	68,843	67,950
Total Salaries and Staff	51.00	1,463,859	125,429	68,843	1,658,131	-	315,696	315,696	1,973,827	1,733,859
Fringe Benefits & Payroll Taxes		306,625	26,273	14,420	347,318	-	66,127	66,127	413,445	365,726
Retirement		70,290	6,023	3,305	79,618	-	15,159	15,159	94,777	79,959
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	24,703	24,703	24,703	30,217
Accounting / Audit Services		-	-	-	-	-	58,226	58,226	58,226	61,950
Other Purchased / Professional / Consulting Services		101,915	154,576	-	256,491	-	50,243	50,243	306,734	243,245
Building and Land Rent / Lease		-	-	-	-	-	-	-	-	-
Repairs & Maintenance		-	-	-	-	-	106,131	106,131	106,131	106,227
Insurance		27,211	1,701	1,701	30,613	-	3,401	3,401	34,014	33,117
Utilities		39,547	2,472	2,472	44,491	-	4,943	4,943	49,434	64,013
Supplies / Materials		141,977	-	-	141,977	-	-	-	141,977	22,051
Equipment / Furnishings		-	-	-	-	-	-	-	-	-
Staff Development		53,365	-	-	53,365	-	-	-	53,365	39,604
Marketing / Recruitment		-	-	-	-	-	13,234	13,234	13,234	14,444
Technology		57,348	-	-	57,348	-	-	-	57,348	32,856
Food Service		-	-	-	-	-	-	-	-	-
Student Services		19,938	-	22,014	41,952	-	-	-	41,952	44,184
Office Expense		19,467	1,217	1,217	21,901	-	2,433	2,433	24,334	23,077
Depreciation		118,452	-	14,807	133,259	-	14,807	14,807	148,066	129,542
OTHER		104,546	6,526	6,526	117,598	-	78,091	78,091	195,689	183,209
Total Expenses		\$ 2,524,540	\$ 324,217	\$ 135,305	\$ 2,984,062	\$ -	\$ 753,194	\$ 753,194	\$ 3,737,256	\$ 3,207,280

Charter School of Inquiry

Contact Name: Angel Beiter
 Contact Email: angelb@kirisitscpa.com
 Contact Phone: 716-881-0089 ext. 305
 Term: July 1, 2020 to June 30, 2021

PROJECTED BUDGET FOR RENEWAL CHARTER PERIOD

DESCRIPTION OF ASSUMPTIONS

Note: The completion of this section is mandatory as this additional information is essential for NYSED to follow the assumptions in your budget.

Total Revenue	4,390,500
Total Expenses	4,625,118
Net Income (Before Cash Flow Adjustments)	(234,618)
Actual Student Enrollment	305
Total Paid Student Enrollment	-

**Year 1
2020-2021**

Note: Please insert additional detail lines as appropriate.

REVENUE

**Per Pupil Revenue
Percentage Increase**

0.0%

<https://stateaid.nysed.gov/c>

REVENUES FROM STATE SOURCES

Per Pupil Revenue:	CY Per Pupil Rate	
School District 1 (Buffalo)	13,200	4,026,000
School District 2 (Enter Name)		-
School District 3 (Enter Name)		-
School District 4 (Enter Name)		-
School District 5 (Enter Name)		-
School District 6 (Enter Name)		-
School District - ALL OTHER		-
TOTAL Per Pupil Revenue (Average Districts Per Pupil Funding)	13,200	4,026,000
Special Education Revenue		158,900
Grants		-
Other		-
TOTAL REVENUE FROM STATE SOURCES		4,184,900

Enrollment: 305 students. 50 students per grade less 45 allowance

REVENUE FROM FEDERAL FUNDING

IDEA Special Needs		-
Title I		172,000
Title Funding - Other		30,000
School Food Service (Free Lunch)		-
Grants		-
TOTAL REVENUE FROM FEDERAL SOURCES		202,000

based on current allocation

based on current allocation

LOCAL and OTHER REVENUE

Contributions and Donations		-
Fundraising		-
Erate Reimbursement		-
Earnings on Investments		-
Interest Income		3,600
Food Service (Income from meals)		-
Text Book		-
OTHER		-
TOTAL REVENUE FROM LOCAL and OTHER SOURCES		3,600

TOTAL REVENUE	4,390,500
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EXPENSES

ADMINISTRATIVE STAFF PERSONNEL COSTS

	No. of Positions		
Executive Management	1.00	129,560	Head of School
Instructional Management	1.00	75,000	New Asst Principal
Deans, Directors & Coordinators	3.00	202,060	Director of Curriculum & Instruction, Director of Operations, and Student Services Coordinator
CFO / Director of Finance	-	-	
Operation / Business Manager	-	-	
Administrative Staff	2.25	94,956	Office & Recruitment, Office Asst and misc pay
TOTAL ADMINISTRATIVE STAFF	7.25	501,576	

INSTRUCTIONAL PERSONNEL COSTS

Teachers - Regular	16.00	650,136	1% salary increase plus 2% bonus
Teachers - SPED	6.00	259,408	1% salary increase
Substitute Teachers	6.00	180,722	1% salary increase
Teaching Assistants	11.00	257,628	
Specialty Teachers	11.00	481,871	1% salary increase plus 2% bonus
Aides	1.00	24,050	
Therapists & Counselors	-	-	
Other	-	-	
TOTAL INSTRUCTIONAL	51.00	1,853,815	

NON-INSTRUCTIONAL PERSONNEL COSTS

Nurse	0.75	38,500	
Librarian	-	-	
Custodian	2.50	86,205	1% salary increase plus 2% bonus, 1 new PT position
Security	-	-	
Other	1.00	52,965	
TOTAL NON-INSTRUCTIONAL	4.25	177,670	

SUBTOTAL PERSONNEL SERVICE COSTS

	62.50	2,533,061	
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PAYROLL TAXES AND BENEFITS

Payroll Taxes		278,600	11% of salaries
Fringe / Employee Benefits		242,820	Health insurance is provided at \$570/month
Retirement / Pension		117,800	5% 403B contributions
TOTAL PAYROLL TAXES AND BENEFITS		639,220	

TOTAL PERSONNEL SERVICE COSTS

	62.50	3,172,281	
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CONTRACTED SERVICES

Accounting / Audit		77,500	2% increase
Legal		17,500	2% increase
Management Company Fee		-	
Nurse Services		-	
Food Service / School Lunch		-	
Payroll Services		75,000	\$1,200 per employee per year
Special Ed Services		200,000	4% increase. Speech & OT - \$150,000. Social worker - \$40,000. Other - \$10,000
Titlement Services (i.e. Title I)		-	
Related service provider costs not reimbursed by the district of residence		-	
Other Purchased / Professional / Consulting		161,830	discipline hearings, BOCES consulting, school messenger
TOTAL CONTRACTED SERVICES		531,830	

SCHOOL OPERATIONS

Board Expenses		5,000	
Classroom / Teaching Supplies & Materials		97,260	4% increase
Special Ed Supplies & Materials		-	
Textbooks / Workbooks		-	
Supplies & Materials other		8,900	Nursing supplies - 10 thermometers at \$120 each plus COVID supplies (additional cleaning supplies in janitorial related to COVID)
Equipment / Furniture		-	
Telephone		5,520	Verizon bill of \$460 per month
Technology		110,000	3% increase plus COVID-related software purchase
Student Testing & Assessment		15,250	
Field Trips		7,630	\$25 per student
Transportation (student)		15,000	5 days out of session at \$3,000/day
Student Services - other		9,000	
Office Expense		27,560	2% increase
Staff Development		90,500	
Staff Recruitment		15,000	
Student Recruitment / Marketing		15,000	
School Meals / Lunch		-	

Travel (Staff)	-	
Fundraising	-	
Other	126,217	\$119,447 interest on financing lease, misc \$6,770
TOTAL SCHOOL OPERATIONS	547,837	
FACILITY OPERATION & MAINTENANCE		
Insurance	40,140	
Janitorial	37,420	Custodial supplies \$21,200. COVID-19 supplies: \$16,200
Building and Land Rent / Lease	-	
Repairs & Maintenance	67,310	3% increase plus maintenance contract
Equipment / Furniture	-	
Security	-	
Utilities	48,300	\$1.15 per square foot
TOTAL FACILITY OPERATION & MAINTENANCE	193,170	
DEPRECIATION & AMORTIZATION		
Depreciation expense	155,000	
Insert Detail as Applicable	-	
Insert Detail as Applicable	-	
TOTAL DEPRECIATION AND AMORTIZATION	155,000	
*****TOTAL FUNDS IN DISSOLUTION ESCROW & RESERVES / CONTINGENCY	25,000	<i>\$100,000 by December 31st of YR 2 (2022-2023). You should already</i>
TOTAL EXPENSES	4,625,118	
NET INCOME	(234,618)	

ENROLLMENT - *School Districts Are Linked To Above Entries*		Add as many school districts as necessary.
School District 1 (Buffalo)	305	
School District 2 (Enter Name)	-	
School District 3 (Enter Name)	-	
School District 4 (Enter Name)	-	
School District 5 (Enter Name)	-	
School District 6 (Enter Name)	-	
School District - ALL OTHER	-	
TOTAL ENROLLMENT	305	
REVENUE PER PUPIL	14,395	
EXPENSES PER PUPIL	15,164	

CASH FLOW ADJUSTMENTS		
OPERATING ACTIVITIES		
Example - Add Back Depreciation	155,000	
Planned use of reserves	250,000	Planned use of reserves
Total Operating Activities	405,000	
INVESTMENT ACTIVITIES		
Example - Subtract Property and Equipment Expenditures	(76,500)	10 new computers at \$1,000 each. 6 computers at \$1,500 each. 150 desks at \$100 each. 3 AED machines at \$3,500 each
Capital reserve	(80,500)	
Total Investment Activities	(157,000)	
FINANCING ACTIVITIES		
Example - Add Expected Proceeds from a Loan or Line of Credit	-	
Financing lease principal payments	(38,306)	
Total Financing Activities	(38,306)	
Total Cash Flow Adjustments	209,694	
NET INCOME	(24,924)	
Beginning Cash Balance	2,350,920	
ENDING CASH BALANCE	2,325,996	