

EXPLORATION ELEMENTARY CHARTER SCHOOL
FOR SCIENCE AND TECHNOLOGY

REPORT TO THE BOARD OF TRUSTEES

JUNE 30, 2020

September 17, 2020

Board of Trustees
Exploration Elementary Charter School for Science and Technology

We have audited the financial statements of Exploration Elementary Charter School for Science and Technology as of and for the year ended June 30, 2020, and have issued our report thereon dated September 17, 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 Exploration Elementary Charter School for Science and Technology 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 outsourced finance consultant who reviews the draft financial statements prior to issuance and accepts 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 Exploration Elementary Charter School for Science and Technology 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 allocation of operating expenses for the statement of functional expenses as well as the collectability of grants and other receivables. 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 Exploration Elementary Charter School for Science and Technology's financial statements relate to revenue and support recognition, which is referred to in the notes of the financial statements.

Identified or Suspected Fraud

We encountered no identified or suspected fraud in dealing with management relating to the performance of the audit.

Significant Difficulties Encountered during the Audit

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 consolidated financial statements as a whole. No such misstatements were identified during our audit.

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 Exploration Elementary Charter School for Science and Technology'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 Exploration Elementary Charter School for Science and Technology, 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 Exploration Elementary Charter School for Science and Technology's auditors.

* * * * *

Should you desire further information concerning these matters, Michelle Cain or Sylest Williams 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 Exploration Elementary Charter School for Science and Technology 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

EXPLORATION ELEMENTARY CHARTER SCHOOL
FOR SCIENCE AND TECHNOLOGY

ROCHESTER, NEW YORK

AUDITED FINANCIAL STATEMENTS

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020
(With comparative totals for 2019)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Exploration Elementary Charter School for Science and Technology

Report on the Financial Statements

We have audited the accompanying financial statements of Exploration Elementary Charter School for Science and Technology, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets (deficiency), functional expenses, and cash flows for the year 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.

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 Exploration Elementary Charter School for Science and Technology as of June 30, 2020, and the changes in its net assets (deficiency) and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Exploration Elementary Charter School for Science and Technology's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2019. In our opinion, the summarized comparative information presented herein as of June 30 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2020 on our consideration of Exploration Elementary Charter School for Science and Technology'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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Exploration Elementary Charter School for Science and Technology's internal control over financial reporting and compliance.

Emphasis of Matter with Respect to Change of Accounting Methods

As discussed in Note A to the financial statements, in 2020, Exploration Elementary Charter School for Science and Technology adopted new accounting guidance for recognition of revenue, contributions received and statement of cash flows presentation. Our opinion is not modified with respect to these matters.

Mengel, Metzger, Bar & Co. LLP

Rochester, New York
September 17, 2020

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

	<u>June 30,</u>	
<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 535,988	\$ 9,352
Grants and other receivables	146,985	144,188
Prepaid expenses and other current assets	210	687
TOTAL CURRENT ASSETS	683,183	154,227
<u>PROPERTY AND EQUIPMENT, net</u>	289,850	121,920
<u>OTHER ASSETS</u>		
Security deposit	26,555	26,555
Cash in escrow	75,000	50,000
	101,555	76,555
TOTAL ASSETS	<u>\$ 1,074,588</u>	<u>\$ 352,702</u>
<u>LIABILITIES AND NET ASSETS (DEFICIENCY)</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 41,671	\$ 37,630
Accrued payroll and benefits	187,856	159,543
Line of credit	-	145,000
Current portion of long term debt	146,732	-
TOTAL CURRENT LIABILITIES	376,259	342,173
<u>OTHER LIABILITIES</u>		
Deferred lease liability	132,956	140,999
Long term debt	303,268	-
	436,224	140,999
TOTAL LIABILITIES	812,483	483,172
<u>NET ASSETS (DEFICIENCY)</u>		
Without donor restrictions	237,986	(130,470)
With donor restrictions	24,119	-
TOTAL NET ASSETS (DEFICIENCY)	<u>262,105</u>	<u>(130,470)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)	<u>\$ 1,074,588</u>	<u>\$ 352,702</u>

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

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIENCY)

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30,			
	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total
Operating revenue and support:				
State and local per pupil operating revenue	\$ 3,936,821	\$ -	\$ 3,936,821	\$ 2,678,724
Students with disabilities	52,891	-	52,891	20,900
Government grants	145,676	-	145,676	132,564
Private grants	6,044	28,500	34,544	4,795
Contributed services	176,970	-	176,970	183,414
Miscellaneous income	243	-	243	632
	<u>4,318,645</u>	<u>28,500</u>	<u>4,347,145</u>	<u>3,021,029</u>
Net assets released from restrictions	<u>4,381</u>	<u>(4,381)</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING REVENUE AND SUPPORT	4,323,026	24,119	4,347,145	3,021,029
Expenses:				
Program:				
Regular education	2,836,615	-	2,836,615	2,125,924
Special education	507,424	-	507,424	393,272
Management and general	610,531	-	610,531	499,976
TOTAL EXPENSES	<u>3,954,570</u>	<u>-</u>	<u>3,954,570</u>	<u>3,019,172</u>
CHANGE IN NET ASSETS (DEFICIENCY)	368,456	24,119	392,575	1,857
Net deficiency without donor restrictions at beginning of year	<u>(130,470)</u>	<u>-</u>	<u>(130,470)</u>	<u>(132,327)</u>
NET ASSETS (DEFICIENCY) AT END OF YEAR	<u>\$ 237,986</u>	<u>\$ 24,119</u>	<u>\$ 262,105</u>	<u>\$ (130,470)</u>

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

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30, 2020						
		Program Services			Supporting Services		
	No. of Positions	Regular Education	Special Education	Sub-total	Management and General	Total	June 30, 2019
Personnel services costs:							
Administrative staff personnel	8	\$ 250,173	\$ 158,198	\$ 408,371	\$ 257,531	\$ 665,902	\$ 539,075
Instructional personnel	39	1,139,678	209,704	1,349,382	-	1,349,382	1,056,077
Non-instructional personnel	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,615</u>	<u>28,615</u>	<u>4,479</u>
Total salaries and costs	49	1,389,851	367,902	1,757,753	286,146	2,043,899	1,599,631
Fringe benefits and payroll taxes		222,524	58,902	281,426	45,813	327,239	247,435
Retirement		87,288	27,047	114,335	8,606	122,941	113,306
Legal service		-	-	-	16,661	16,661	26,735
Accounting / audit services		-	-	-	21,461	21,461	27,186
Other purchased / professional / consulting services		306,014	19,126	325,140	57,378	382,518	300,153
Building and land rent / lease		353,645	-	353,645	94,007	447,652	373,249
Repairs and maintenance		59,183	-	59,183	15,732	74,915	3,434
Insurance		27,171	-	27,171	4,423	31,594	27,554
Utilities		50,052	-	50,052	8,148	58,200	30,911
Supplies / materials		98,775	5,149	103,924	-	103,924	49,195
Equipment / furnishings		26,763	7,084	33,847	6,589	40,436	20,198
Staff development		15,612	-	15,612	2,542	18,154	14,185
Marketing / recruitment		9,553	-	9,553	6,377	15,930	20,619
Technology		93,197	12,263	105,460	17,168	122,628	36,982
Student services		46,920	3,252	50,172	-	50,172	43,628
Office expense		18,474	-	18,474	3,008	21,482	27,241
Depreciation and amortization		25,307	6,699	32,006	5,210	37,216	33,548
Other		<u>6,286</u>	<u>-</u>	<u>6,286</u>	<u>11,262</u>	<u>17,548</u>	<u>23,982</u>
		<u>\$ 2,836,615</u>	<u>\$ 507,424</u>	<u>\$ 3,344,039</u>	<u>\$ 610,531</u>	<u>\$ 3,954,570</u>	<u>\$ 3,019,172</u>

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

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30,	
	2020	2019
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets (deficiency)	\$ 392,575	\$ 1,857
Adjustments to reconcile change in net assets (deficiency) to net cash provided from operating activities:		
Depreciation and amortization	37,216	33,548
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(2,797)	96,646
Prepaid expenses and other current assets	477	22,249
Accounts payable and accrued expenses	4,041	(104,487)
Accrued payroll and benefits	28,313	22,877
Deferred lease liability	(8,043)	95,387
NET CASH PROVIDED FROM OPERATING ACTIVITIES	451,782	168,077
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(205,146)	-
Security deposit	-	(1,340)
NET CASH USED FOR INVESTING ACTIVITIES	(205,146)	(1,340)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Net repayments on line of credit	(145,000)	(1,228,300)
Borrowings on line of credit	-	1,081,000
Borrowings on long term debt	450,000	-
NET CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES	305,000	(147,300)
NET INCREASE IN CASH AND RESTRICTED CASH	551,636	19,437
Cash and restricted cash at beginning of year	59,352	39,915
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 610,988	\$ 59,352
<u>SUPPLEMENTAL CASH FLOW INFORMATION:</u>		
Interest expense paid during the year	\$ 1,176	\$ 6,958

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

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Comparative Totals for 2019)

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

The Charter School

Exploration Elementary Charter School for Science and Technology (the “Charter School”) is an educational corporation that operates as a charter school in Rochester, New York. The Charter School promotes student excellence through an emphasis on science and technology skills for elementary aged students in a supportive and responsive learning environment. The Charter School’s students will be prepared for success in further schooling, with a positive sense of self, ready to design and realize their futures in college, community and career. On November 17, 2015 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. The term expires June 30, 2022.

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 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. At June 30, 2020 the Charter School had \$24,119 in net assets with donor restrictions. At June 30, 2019 the Charter School had no assets with donor restrictions.

Net Assets Without Donor Restrictions – The net assets over which the Board of Trustees 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.

Revenue 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 records substantially all revenues over time as follows:

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

State and local per pupil 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 district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

The following table summarizes contract balances at their respective statement of financial position dates:

	June 30,		
	2020	2019	2018
Grants and other receivables	\$ 143,838	\$ 144,188	\$ 240,834

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.

Contributions received are recorded 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 year 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.

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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. The Charter School received cost-reimbursement grants of approximately \$81,623 and \$11,322 that have not been recognized at June 30, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred.

Cash

Cash balances are maintained at a financial institution located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000. 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 amount in escrow was \$75,000 and \$50,000 at June 30, 2020 and 2019, respectively.

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 and 2019.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from five to ten years.

Contributed services

The Charter School received donated transportation services that were provided for the students from the local district. The Charter School was unable to determine a value for these services.

The Charter School received contributed reading services and professional developmental services which were valued at \$176,970 and \$183,414 for the years ended June 30, 2020 and 2019, respectively. These amounts are included in contributed services in the accompanying statement of activities and changes in net assets (deficiency).

The Charter School received contributed services from volunteers to serve on the Board of Trustees. These services are not valued in the financial statements.

In-kind contributions

Gifts and donations other than cash are recorded at fair market value at the date of contribution.

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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, 2017 through 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 has not recognized any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$15,900 and \$20,600 for the years ended June 30, 2020 and 2019, respectively.

Deferred lease liability

The Charter School leases its facility. The lease contains significant pre-determined fixed escalations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts paid under the lease as a deferred lease liability. The amounts paid under the lease in excess of rent expense recognized was \$8,043 for the year ended June 30, 2020. The amount of additional rent expense recognized in excess of the amounts paid under the lease was \$95,387 for the year ended June 30, 2019.

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.

Comparatives for the year ended June 30, 2019

The financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Charter School's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

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.

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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 (deficiency) 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.

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.

Reclassifications

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

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through September 17, 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

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 and grants and other receivables.

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 fiscal year 2020.

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:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 535,988	\$ 9,352
Grants and other receivables	<u>146,985</u>	<u>144,188</u>
Total financial assets available within one year	682,973	153,540
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(24,119)</u>	<u>-</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 658,854</u>	<u>\$ 153,540</u>

The Charter School has a \$300,000 line of credit that they could draw upon in the event of unanticipated liquidity needs. At June 30, 2020 there were no amounts outstanding on this line.

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Office equipment	\$ 16,650	\$ 16,650
Classroom furniture and equipment	144,953	89,577
Computer equipment	193,124	43,354
Leasehold improvements	36,328	36,328
	<u>391,055</u>	<u>185,909</u>
Less accumulated depreciation and amortization	101,205	63,989
	<u>\$ 289,850</u>	<u>\$ 121,920</u>

Total depreciation and amortization expense was \$37,216 and \$33,548 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE D: SCHOOL FACILITY

The Charter School signed a lease for its facility with a third party commencing July 1, 2017 through June 30, 2022. The Charter School signed a fourth lease amendment in May 2019. The terms of the fourth amendment included base rent of \$326,116, with a temporary rent reduction of \$50,000, for a base rent of \$276,116 for fiscal 2019. Base rent is increasing each subsequent year as additional square footage is added to accommodate the growth of the school. Total rental expense was approximately \$442,400 and \$371,500 for the years ended June 30, 2020 and 2019, respectively. A security deposit of \$25,215 was paid by the Charter School relative to this lease.

The approximate future minimum payments on this agreement are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 462,000
2022	601,000
Total	<u>\$ 1,063,000</u>

NOTE E: LINE OF CREDIT

The Charter School has a \$300,000 line of credit due to a bank upon demand. Amounts borrowed bear interest at prime plus 1.5% (effective rate of 4.75% at June 30, 2020) and are secured by substantially all of the business assets of the School. There were no amounts outstanding under this arrangement at June 30, 2020 and \$145,000 outstanding under this arrangement at June 30, 2019.

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE F: LONG TERM DEBT

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 \$450,000 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 22, 2020.

Future maturities of long-term debt are summarized as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 146,732
2022	303,268
Total	<u>\$ 450,000</u>

NOTE G: 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 H: CONCENTRATIONS

At June 30, 2020 and 2019, approximately 43% and 72%, respectively, of grants and other receivables are due from a New York State agency related to certain grants.

During the years ended June 30, 2020 and 2019, approximately 92% and 89%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE I: RETIREMENT PLANS

The Charter School participates in the New York State Teachers' Retirement System (NYSTRS). This System is a cost sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods, Albany, NY 12211-2395.

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE I: RETIREMENT PLANS, Cont'd

The System is noncontributory for the employee, except for those who joined the System after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The Charter School is required to contribute at an actuarially determined rate, currently 8.86% of the annual covered payroll for the fiscal year ended June 30, 2020. The rate applicable for the fiscal year ended June 30, 2019 was 10.62%. The Charter School's contributions made to the system was equal to 100% of the contributions required for each year. The required contributions for the years ended June 30, 2020 and 2019 was \$122,941 and \$113,306, respectively.

Effective January 2017, the School established an Employee Retirement 401(k) Plan for all employees. The Charter School may make a discretionary contribution to the Plan. There were no discretionary contributions made by the Charter School for the years ended June 30, 2020 and 2019.

NOTE J: COMMITMENTS

The Charter School entered into a technology maintenance and service agreement requiring monthly payments of \$3,283 through August 2022. The Charter School also leases computer equipment under a non-cancelable lease requiring monthly payments of \$1,340 through November 2021. A security deposit of \$1,340 was paid by the Charter School relative to this lease. The approximate future minimum payments under these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 55,500
2022	44,800
2023	3,300
Total	<u>\$ 103,600</u>

NOTE K: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE L: NET ASSETS (DEFICIENCY)

Net assets (deficiency) without donor restrictions are as follows:

	June 30,	
	2020	2019
Undesignated	\$ (51,864)	\$ (252,390)
Invested in property and equipment	289,850	121,920
	<u>\$ 237,986</u>	<u>\$ (130,470)</u>

Net assets with donor restrictions are as follows:

	June 30,	
	2020	2019
Student support and leadership development	\$ 13,500	\$ -
Wellness center	10,619	-
	<u>\$ 24,119</u>	<u>\$ -</u>

NOTE M: CASH AND RESTRICTED CASH

Cash and restricted cash balances at June 30, 2020 and 2019 consisted of the following:

	June 30,	
	2020	2019
Cash	\$ 535,988	\$ 9,352
Cash in escrow	75,000	50,000
	<u>\$ 610,988</u>	<u>\$ 59,352</u>

NOTE N: 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.

**EXPLORATION ELEMENTARY CHARTER SCHOOL FOR SCIENCE AND
TECHNOLOGY**

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
Exploration Elementary Charter School for Science and Technology

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 Exploration Elementary Charter School for Science and Technology, which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets (deficiency), 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 September 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Exploration Elementary Charter School for Science and Technology'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 Exploration Elementary Charter School for Science and Technology's internal control. Accordingly, we do not express an opinion on the effectiveness of Exploration Elementary Charter School for Science and Technology'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. 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 Exploration Elementary Charter School for Science and Technology'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
September 17, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	Exploration Elementary Charter School for Science and Technolog
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:	Casandra Vargas
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Mengel, Metzger, Barr & Co.
School Audit Contact Name:	Michelle Cain
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	No management letter was necessary
Management Letter Response	No management letter was provided, therefore there is not reponse needed
Form 990	The 990 has not yet been filed for the 19-20 fiscal year
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

Exploration Elementary Charter School for Science and Technology
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 535,988	\$ 9,352
Grants and contracts receivable	-	-
Accounts receivables	146,985	144,188
Prepaid Expenses	210	687
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>683,183</u>	<u>154,227</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 289,850	\$ 121,920
Restricted Cash	75,000	50,000
Security Deposits	26,555	26,555
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>391,405</u>	<u>198,475</u>
TOTAL ASSETS	<u>1,074,588</u>	<u>352,702</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 41,671	\$ 37,630
Accrued payroll, payroll taxes and benefits	187,856	159,543
Current Portion of Loan Payable	146,732	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	-
Other Current Liabilities	132,956	285,999
TOTAL CURRENT LIABILITIES	<u>509,215</u>	<u>483,172</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 303,268	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	<u>303,268</u>	<u>-</u>
TOTAL LIABILITIES	<u>812,483</u>	<u>483,172</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 237,986	\$ (130,470)
Temporarily restricted	24,119	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>262,105</u>	<u>(130,470)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,074,588</u>	<u>352,702</u>

Exploration Elementary Charter School for Science and Technology
Statement of Activities
as of June 30

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 3,936,821	\$ -	\$ 3,936,821	\$ 2,678,724
State and Local Per Pupil Revenue - SPED	52,891	-	52,891	20,900
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	145,676	-	145,676	132,564
State and City Grants	-	-	-	-
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	4,135,388	-	4,135,388	2,832,188
EXPENSES				
Program Services				
Regular Education	\$ 2,836,615	\$ -	\$ 2,836,615	\$ 2,125,924
Special Education	507,424	-	507,424	393,272
Other Programs	-	-	-	-
Total Program Services	3,344,039	-	3,344,039	2,519,196
Management and general	610,531	-	610,531	499,976
Fundraising	-	-	-	-
TOTAL EXPENSES	3,954,570	-	3,954,570	3,019,172
SURPLUS / (DEFICIT) FROM OPERATIONS	180,818	-	180,818	(186,984)
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ 243	\$ -	\$ 243	\$ 632
Contributions and Grants	6,044	28,500	34,544	4,795
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	176,970	-	176,970	183,414
TOTAL SUPPORT AND OTHER REVENUE	183,257	28,500	211,757	188,841
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ 4,381	\$ (4,381)	\$ -	\$ -
CHANGE IN NET ASSETS	368,456	24,119	392,575	1,857
NET ASSETS - BEGINNING OF YEAR	\$ (130,470)	\$ -	\$ (130,470)	\$ (132,327)
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 237,986	\$ 24,119	\$ 262,105	\$ (130,470)

Exploration Elementary Charter School for Science and Technology
Statement of Cash Flows

as of June 30

	2020	2019
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 392,575	\$ 1,857
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	37,216	33,548
Grants Receivable	(2,797)	96,646
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	477	22,249
Accounts Payable	4,041	(104,487)
Accrued Expenses	28,313	22,877
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	-	-
Interest payments	-	-
Deferred lease liability	(8,043)	95,387
Other	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 451,782	\$ 168,077
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	(205,146)	-
Other	-	(1,340)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (205,146)	\$ (1,340)
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	(145,000)	(1,228,300)
Other	450,000	1,081,000
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 305,000	\$ (147,300)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 551,636	\$ 19,437
Cash at beginning of year	59,352	39,915
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 610,988	\$ 59,352

Exploration Elementary Charter School for Science and Technology
Statement of Functional Expenses
as of June 30

		2020							2019	
		Program Services				Supporting Services				
No. of Positions		Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total	Total	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Personnel Services Costs										
Administrative Staff Personnel	8.00	250,173	158,198	-	408,371	-	257,531	257,531	665,902	539,075
Instructional Personnel	39.00	1,139,678	209,704	-	1,349,382	-	-	-	1,349,382	1,056,077
Non-Instructional Personnel	2.00	-	-	-	-	-	28,615	28,615	28,615	4,479
Total Salaries and Staff	49.00	1,389,851	367,902	-	1,757,753	-	286,146	286,146	2,043,899	1,599,631
Fringe Benefits & Payroll Taxes		222,524	58,902	-	281,426	-	45,813	45,813	327,239	247,435
Retirement		87,288	27,047	-	114,335	-	8,606	8,606	122,941	113,306
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	16,661	16,661	16,661	26,735
Accounting / Audit Services		-	-	-	-	-	21,461	21,461	21,461	27,186
Other Purchased / Professional / Consulting Services		306,014	19,126	-	325,140	-	57,378	57,378	382,518	300,153
Building and Land Rent / Lease		353,645	-	-	353,645	-	94,007	94,007	447,652	373,249
Repairs & Maintenance		59,183	-	-	59,183	-	15,732	15,732	74,915	3,434
Insurance		27,171	-	-	27,171	-	4,423	4,423	31,594	27,554
Utilities		50,052	-	-	50,052	-	8,148	8,148	58,200	30,911
Supplies / Materials		98,775	5,149	-	103,924	-	-	-	103,924	49,195
Equipment / Furnishings		26,763	7,084	-	33,847	-	6,589	6,589	40,436	20,198
Staff Development		15,612	-	-	15,612	-	2,542	2,542	18,154	14,185
Marketing / Recruitment		9,553	-	-	9,553	-	6,377	6,377	15,930	20,619
Technology		93,197	12,263	-	105,460	-	17,168	17,168	122,628	36,982
Food Service		-	-	-	-	-	-	-	-	-
Student Services		46,920	3,252	-	50,172	-	-	-	50,172	43,628
Office Expense		18,474	-	-	18,474	-	3,008	3,008	21,482	27,241
Depreciation		25,307	6,699	-	32,006	-	5,210	5,210	37,216	33,548
OTHER		6,286	-	-	6,286	-	11,262	11,262	17,548	23,982
Total Expenses		\$ 2,836,615	\$ 507,424	\$ -	\$ 3,344,039	\$ -	\$ 610,531	\$ 610,531	\$ 3,954,570	\$ 3,019,172

New York State Education Department

Request for Proposals to Establish Charter Schools Authorized by the Board of Regents

2020-21 Budget & Cash Flow Template

General Instructions and Notes for New Application Budgets and Cash Flows Templates

1	Complete ALL SIX columns in BLUE
2	Enter information into the GRAY cells
3	Cells containing RED triangles in the upper right corner in columns B through G contain guidance on that particular item
4	School district per-pupil tuition information is located on the State Aid website at https://stateaid.nysed.gov/charter/ . Rows may be inserted in the worksheet to accomodate additional districts if necessary.
5	The Assumptions column should be completed for all revenue and expense items unless the item is self-explanatory. Where applicable, please reference the page number or section in the application narrative that indicates the assumption being made. For instance, student enrollment would reference the applicable page number in Section I, C of the application narrative.

Exploration Charter School

PROJECTED BUDGET FOR 2019-2020							Assumptions
July 1, 2020 to June 30, 2021							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	4,514,907	229,260	-	-	-	4,744,167	
Total Expenses	3,149,548	776,511	-	-	812,912	4,738,971	
Net Income	1,365,359	(547,251)	-	-	(812,912)	5,196	
Actual Student Enrollment	340	-	-	-	-	-	
Total Paid Student Enrollment	-	-	-	-	-	-	
PROGRAM SERVICES							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
REVENUE							
REVENUES FROM STATE SOURCES							
Per Pupil Revenue	CY Per Pupil Rate						
District of Location	\$13,785.00	4,452,555	-	-	-	4,452,555	
East Irondequoit CSD	\$12,847.00	12,847	-	-	-	12,847	
Greece CSD	\$11,997.00	11,997	-	-	-	11,997	
Fairport CSD	\$11,663.00	11,663	-	-	-	11,663	
Webster CSD	\$12,345.00	12,345	-	-	-	12,345	
		4,501,407	-	-	-	4,501,407	
Special Education Revenue	-	-	-	-	-	-	
Grants							
Stimulus	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
Other State Revenue	-	-	-	-	-	-	
TOTAL REVENUE FROM STATE SOURCES		4,501,407	-	-	-	4,501,407	
REVENUE FROM FEDERAL FUNDING							
IDEA Special Needs	-	12,000	-	-	-	12,000	
Title I	-	177,140	-	-	-	177,140	Assumes 3% of population eligible for low end support services
Title Funding - Other	-	40,120	-	-	-	40,120	
School Food Service (Free Lunch)	-	-	-	-	-	-	
Grants							
Charter School Program (CSP) Planning & Implementation	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
Other Federal Revenue	-	-	-	-	-	-	
TOTAL REVENUE FROM FEDERAL SOURCES		229,260	-	-	-	229,260	
LOCAL and OTHER REVENUE							
Contributions and Donations, Fundraising	10,000	-	-	-	-	10,000	
Erate Reimbursement	3,500	-	-	-	-	3,500	
Interest Income, Earnings on Investments,	-	-	-	-	-	-	
NYC-DYCD (Department of Youth and Community Developmt.)	-	-	-	-	-	-	
Food Service (Income from meals)	-	-	-	-	-	-	
Text Book	-	-	-	-	-	-	
Other Local Revenue	-	-	-	-	-	-	
TOTAL REVENUE FROM LOCAL and OTHER SOURCES		13,500	-	-	-	13,500	
TOTAL REVENUE		4,514,907	229,260	-	-	4,744,167	
							List exact titles and staff FTE"s (Full time equiulivalent)
EXPENSES							
ADMINISTRATIVE STAFF PERSONNEL COSTS							
	No. of Positions						
Executive Management	1.00	50,000	-	-	50,000	100,000	Principal 1.0 FTE
Instructional Management	2.00	189,152	6,152	-	182,153	377,457	Asst Principal & Ops Mgr 1.0 FTE each
Deans, Directors & Coordinators	2.00	189,153	-	-	190,000	379,153	Curriculum Coordinators 1.0 FTE each
CFO / Director of Finance	-	-	-	-	-	-	
Operation / Business Manager	-	-	-	-	-	-	
Administrative Staff	1.00	15,000	-	-	15,000	30,000	Admin Asst 1.0
TOTAL ADMINISTRATIVE STAFF	6	443,305	6,152	-	437,153	886,610	
INSTRUCTIONAL PERSONNEL COSTS							
Teachers - Regular	18.00	1,213,932	279,209	-	-	1,493,141	18.0 FTE
Teachers - SPED	3.00	-	303,483	-	-	303,483	3.0 FTE
Substitute Teachers	-	-	-	-	-	-	
Teaching Assistants	-	-	-	-	-	-	
Specialty Teachers	-	-	-	-	-	-	

Exploration Charter School

PROJECTED BUDGET FOR 2019-2020								Assumptions
July 1, 2020 to June 30, 2021								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		
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Total Expenses	3,149,548	776,511	-	-	812,912	4,738,971		
Net Income	1,365,359	(547,251)	-	-	(812,912)	5,196		
Actual Student Enrollment	340	-	-	-	-	-		
Total Paid Student Enrollment	-	-	-	-	-	-		
PROGRAM SERVICES								
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL		
Aides	-	-	-	-	-	-		
Therapists & Counselors	-	-	-	-	-	-		
Other	-	-	-	-	-	-		
TOTAL INSTRUCTIONAL	21	1,213,932	582,692	-	-	1,796,624		
NON-INSTRUCTIONAL PERSONNEL COSTS								
Nurse	-	-	-	-	-	-		
Librarian	-	-	-	-	-	-		
Custodian	-	-	-	-	-	-		
Security	-	-	-	-	-	-		
Other	1.50	-	-	-	38,099	38,099		Misc work
TOTAL NON-INSTRUCTIONAL	2	-	-	-	38,099	38,099		
SUBTOTAL PERSONNEL SERVICE COSTS	29	1,657,237	588,844	-	475,252	2,721,333		
PAYROLL TAXES AND BENEFITS								
Payroll Taxes		146,970	41,845	-	41,435	230,250		
Fringe / Employee Benefits		200,000	50,000	-	30,000	280,000		
Retirement / Pension		157,531	48,813	-	15,531	221,875		
TOTAL PAYROLL TAXES AND BENEFITS		504,501	140,658	-	86,966	732,125		
TOTAL PERSONNEL SERVICE COSTS		2,161,738	729,502	-	562,218	3,453,458		
CONTRACTED SERVICES								
Accounting / Audit		-	-	-	26,000	26,000		Includes yearly audit
Legal		-	-	-	25,000	25,000		
Management Company Fee		-	-	-	-	-		
Nurse Services		-	-	-	-	-		
Food Service / School Lunch		-	-	-	-	-		
Payroll Services		-	-	-	-	-		
Special Ed Services		-	-	-	-	-		
Titlement Services (i.e. Title I)		-	-	-	-	-		
Other Purchased / Professional / Consulting		99,200	6,200	-	18,600	124,000		Management support services
TOTAL CONTRACTED SERVICES		99,200	6,200	-	69,600	175,000		
SCHOOL OPERATIONS								
Board Expenses		-	-	-	2,500	2,500		
Classroom / Teaching Supplies & Materials		23,000	-	-	-	23,000		Based on \$1K/room, plus \$250 reimbursement
Special Ed Supplies & Materials		-	8,500	-	-	8,500		Based on 10% of FTE @ \$250/student
Textbooks / Workbooks		6,000	800	-	-	6,800		Based on per pupil estimates (\$20/student)
Supplies & Materials other		28,851	5,149	-	-	34,000		
Equipment / Furniture		26,763	7,084	-	-	37,500		
Telephone		7,000	-	-	3,800	10,800		
Technology		54,538	7,176	-	10,046	71,760		Based on per pupil estimates (\$50/student)
Student Testing & Assessment		24,000	1,500	-	-	25,500		
Field Trips		21,000	1,100	-	-	22,100		
Transportation (student)		15,000	-	-	-	15,000		
Student Services - other		12,500	-	-	-	12,500		
Office Expense		27,778	-	-	4,522	32,300		
Staff Development		23,607	-	-	3,843	27,450		Based on \$450 per employee
Staff Recruitment		7,500	500	-	7,000	15,000		Assumes \$245 per employee
Student Recruitment / Marketing		15,000	-	-	-	15,000		Based on py
School Meals / Lunch		-	-	-	-	-		
Travel (Staff)		2,050	-	-	1,000	3,050		Based on \$50/employee
Fundraising		-	-	-	-	-		
Other		25,500	-	-	2,500	28,000		
TOTAL SCHOOL OPERATIONS		320,087	31,809	-	38,864	390,760		

Exploration Charter School

PROJECTED BUDGET FOR 2019-2020							Assumptions
July 1, 2020 to June 30, 2021							DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
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Actual Student Enrollment	340	-	-	-	-	-	
Total Paid Student Enrollment	-	-	-	-	-	-	
PROGRAM SERVICES							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
FACILITY OPERATION & MAINTENANCE							
Insurance	51,600	-	-	-	8,400	60,000	Based on comparable school size
Janitorial	70,000	-	-	-	18,825	88,825	Assumes 4% inflation
Building and Land Rent / Lease	364,923	-	-	-	97,005	461,928	Per lease
Repairs & Maintenance	6,500	-	-	-	1,000	7,500	Painting, carpeting, electrical
Equipment / Furniture	1,500	-	-	-	1,500	3,000	
Security	-	-	-	-	-	-	
Utilities	40,000	-	-	-	8,500	48,500	Based on utility expense at comparable schools and available properties
TOTAL FACILITY OPERATION & MAINTENANCE	534,523	-	-	-	135,230	669,753	
DEPRECIATION & AMORTIZATION	34,000	9,000	-	-	7,000	50,000	On equip/technology; assumes 5 yr schedule
DISSOLUTION ESCROW & RESERVES / CONTIGENCY	-	-	-	-	-	-	
TOTAL EXPENSES	3,149,548	776,511	-	-	812,912	4,738,971	
NET INCOME	1,365,359	(547,251)	-	-	(812,912)	5,196	
ENROLLMENT - *School Districts Are Linked To Above Entries*	REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED				
District of Location	336		336				
East Irondequoit CSD	1		1				
Greece CSD	1		1				
Fairport CSD	1		1				
Webster CSD	1		1				
TOTAL ENROLLMENT	340	-	340				
REVENUE PER PUPIL	13,279	-	-				
EXPENSES PER PUPIL	9,263	-	-				



KeyBank
P.O. Box 93885
Cleveland, OH 44101-5885

Business Banking Statement
October 31, 2020
[REDACTED] 1 of 2

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31 T 141 00000 R EM AO
EXPLORATION ELEMENTARY CHARTER SCHOOL
ESCROW ACCOUNT
1001 LAKE AVE
ROCHESTER NY 14613-1720

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KeyBank Basic Business Checking [REDACTED]
EXPLORATION ELEMENTARY CHARTER SCHOOL
ESCROW ACCOUNT

Beginning balance 9-30-20	\$75,000.00
Ending balance 10-31-20	\$75,000.00

CUSTOMER ACCOUNT DISCLOSURES

The following disclosures apply only to accounts covered by the Federal Truth in Lending Act or the Federal Electronic Funds Transfer Act, as amended, or similar state laws.

IN CASE OF ERROR OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS:

Call us at the phone number indicated on the first page of this statement, OR write us at the address listed below, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than sixty (60) days after we sent you the FIRST statement on which the problem or error appeared.

**KeyBank
Customer Disputes
NY 31 55 0228
555 Patroon Creek Blvd
Albany, NY 12206**

- Tell us your name and Account number;
- Describe the error or transfer that you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information;
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within ten (10) business days.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will recredit your account for the amount you think is in error, so that you will have use of the money during the time it takes us to complete our investigation.

COMMON ELECTRONIC TRANSACTION DESCRIPTIONS:

XFER TO SAV	Transfer to Savings Account
XFER FROM SAV	Transfer from Savings Account
XFER TO CKG	Transfer to Checking Account
XFER FROM CKG	Transfer from Checking Account
PMT TO CR CARD	Payment to Credit Card
ADV CR CARD	Advance from Credit Card

Preauthorized Credits: If you have arranged to have direct deposits made to your Account at least once every sixty (60) days from the same person or company, you can call us at the number indicated on the reverse side to find out whether or not the deposit has been made.

IMPORTANT LINE OF CREDIT INFORMATION

What To Do If You Think You Find A Mistake on Your Statement: If you think there is an error on your statement, write us at: KeyBank N.A., P.O Box 93885, Cleveland, OH 44101 4825.

In your letter, give us the following information:

- **Account Information :** Your name and account number.
- **Dollar Amount :** The dollar amount of the suspected error.
- **Description of the Problem :** If you think there is an error on your bill, describe what you believe is wrong and why you believe it was a mistake.

You must contact us within 60 days after the error appeared on your statement. You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

While we investigate whether or not there has been an error, the following are true:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount. But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

Explanation of Finance Charge: Your Finance Charge attributable to interest (hereinafter referred to as interest) is computed using the Average Daily Balance method.

Average Daily Balance method (Balance Subject to Interest Rate): Your interest is computed on all purchases and cash advances (collectively "advances") from the date each advance is posted until we receive payment in full (there is no grace period). We figure the interest on your line of credit by multiplying the daily periodic rate by the "Average Daily Balance" of your line of credit (including current transactions) and multiplying by the number of days in the billing cycle. To get the Average Daily Balance we take the beginning balance of your line of credit each day, add any new advances or debits, and subtract any payments and credits, any non financed fees and unpaid interest. This gives us the daily balance. Then we add up all of your daily balances in the billing cycle and divide this total by the number of days in the billing cycle to get your Average Daily Balance.

CREDIT INFORMATION: If you believe we have reported inaccurate information about your account to a credit reporting agency, you may contact the credit reporting agency or write to us at:

Key Credit Research Department
P.O. Box 94518
Cleveland, Ohio 44101 4518

Please include your account number, a copy of your credit report reflecting the inaccurate information, name, address, city, state, and zip code, and an explanation of why you believe the information is inaccurate.

BALANCING YOUR ACCOUNT

Please examine your statement and paid check information upon receipt. Erasures, alterations or irregularities should be reported promptly in accordance with your account agreement. The suggested steps below will help you balance your account.

INSTRUCTIONS

- 1** Verify and check off in your check register each deposit, check or other transaction shown on this statement.

Enter into your check register and SUBTRACT:

- Checks or other deductions shown on our statement that you have *not* already entered.
- The “Service charges”, if any, shown on your statement.

Enter into your check register and ADD:

- Deposits or other credits shown on your statement that you have *not* already entered.
- The “Interest earned” shown on your statement, if any.

[illegible]