

GLOBAL COMMUNITY CHARTER SCHOOL

ADVISORY COMMENT LETTER

JUNE 30, 2020

October 26, 2020

To the Board of Trustees
Global Community Charter School

In planning and performing our audit of the financial statements of Global Community Charter 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 Global Community Charter School's internal control over financial reporting (internal control) as a basis for designing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Global Community Charter School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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. 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.

Status of matters included in our letter as of June 30, 2019, dated October 25, 2019

Significant Auditor Adjustment

During our audit, we noted property and equipment and corresponding long-term liabilities related to two capital leases entered during July 2018 were not recorded, resulting in a significant auditor adjustment of approximately \$105,000 to record the asset and offsetting liability. Additional entries were necessary to record depreciation expense and properly apply lease payments made during the year to the resulting liability.

Recommendation

We recommend management review the terms of all lease agreements upon signing to ensure accurate reporting. Any leases with \$1 bargain purchase options meet the criteria to be recorded as capital leases.

Status as of June 30, 2020

During our 2020 audit, we noted the Charter School properly recorded lease payments and depreciation on existing capital leases. No new capital leases were entered during the year ended June 30, 2020.

* * * * *

This communication is intended solely for the information and use of Management, Finance Committee Members and Board Members and is not intended to be and should not be used by anyone other than these specified parties.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Global Community Charter School's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

We appreciate the cooperation from your staff that our personnel received during the audit of the Charter School's financial statements. Should you have any questions or comments, please contact Jackie Lee or Kurt Button.

Very truly yours,



MENGEL, METZGER, BARR & CO. LLP

GLOBAL COMMUNITY CHARTER SCHOOL

NEW YORK, NEW YORK

AUDITED FINANCIAL STATEMENTS

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020
(With Comparative Totals for 2019)

CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	10
 <u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22
Summary Schedule of Prior Audit Findings	24

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Global Community Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Global Community Charter School, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the 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 Global Community Charter School as of June 30, 2020, and the changes in its net assets 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 Global Community Charter School's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 October 26, 2020 on our consideration of Global Community Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Global Community Charter School's internal control over financial reporting and compliance.

Emphasis of Matters

As discussed in Note A to the financial statements, in 2020, Global Community Charter School 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, Baw & Co. LLP

Rochester, New York
October 26, 2020

GLOBAL COMMUNITY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,874,843	\$ 876,903
Grants and other receivables	410,462	175,305
Prepaid expenses and other current assets	91,990	3,860
TOTAL CURRENT ASSETS	<u>2,377,295</u>	<u>1,056,068</u>
<u>OTHER ASSETS</u>		
Property and equipment, net	540,396	359,810
Cash in escrow	100,455	100,042
Security deposit	180,000	180,000
	<u>820,851</u>	<u>639,852</u>
TOTAL ASSETS	<u>\$ 3,198,146</u>	<u>\$ 1,695,920</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 329,942	\$ 285,630
Accrued payroll and benefits	553,111	298,574
Vacation accrual	38,469	51,945
Current portion of capital lease liability	39,894	36,988
Deferred revenue	-	26,546
Current portion of Paycheck Protection Program note payable	35,994	-
TOTAL CURRENT LIABILITIES	<u>997,410</u>	<u>699,683</u>
<u>OTHER LIABILITIES</u>		
Capital lease liability, net of current portion	40,134	80,042
Paycheck Protection Program note payable, net of current portion	1,118,806	-
TOTAL LIABILITIES	<u>2,156,350</u>	<u>779,725</u>
<u>NET ASSETS, without donor restrictions</u>		
Undesignated	893,451	705,245
Board designated	148,345	210,950
TOTAL NET ASSETS	<u>1,041,796</u>	<u>916,195</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,198,146</u>	<u>\$ 1,695,920</u>

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

GLOBAL COMMUNITY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue and support:		
State and local per pupil operating revenue - Regular education	\$ 6,925,999	\$ 6,534,216
State and local per pupil operating revenue - Special education	1,045,702	1,193,277
State and local per pupil facilities revenue	863,379	794,247
Federal grants and contracts	461,953	278,275
State and city grants and contracts	245,062	20,229
Food service/Child Nutrition income	418,796	545,226
Private grants	44,014	18,795
Interest income	10,891	6,937
Other income	52,422	66,118
TOTAL OPERATING REVENUE AND SUPPORT	<u>10,068,218</u>	<u>9,457,320</u>
Expenses:		
Program:		
Regular education	5,657,571	5,492,396
Special education	2,454,402	2,411,136
Pre-K	208,130	-
Management and general	1,527,396	1,515,070
Fundraising	95,118	91,911
TOTAL EXPENSES	<u>9,942,617</u>	<u>9,510,513</u>
CHANGE IN NET ASSETS	125,601	(53,193)
Net assets at beginning of year	916,195	969,388
NET ASSETS AT END OF YEAR	<u>\$ 1,041,796</u>	<u>\$ 916,195</u>

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

GLOBAL COMMUNITY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

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

	Year ended June 30,									
	2020					2019				
	No. of Positions	Program Services			Sub-total	Supporting Services			Total	Total
Regular Education		Special Education	Pre-K	Management and general		Fundraising	Sub-total			
Personnel services costs:										
Administrative staff personnel	15	\$ 462,481	\$ 111,632	\$ 16,943	\$ 591,056	\$ 611,649	\$ 52,904	\$ 664,553	\$ 1,255,609	\$ 1,233,876
Instructional personnel	56	2,410,370	1,257,361	105,671	\$ 3,773,402	81,713	-	81,713	3,855,115	3,541,539
Non-instructional personnel	2	18,953	4,145	-	23,098	53,110	-	53,110	76,208	72,619
Total personnel services costs	73	2,891,804	1,373,138	122,614	4,387,556	746,472	52,904	799,376	5,186,932	4,848,034
Fringe benefits and payroll taxes		629,190	260,103	29,576	918,869	191,916	10,591	202,507	1,121,376	1,043,609
Retirement		27,860	12,827	-	40,687	8,496	469	8,965	49,652	51,289
Legal service		-	-	-	-	9,156	-	9,156	9,156	4,461
Accounting / audit services		-	-	-	-	36,375	-	36,375	36,375	27,000
Other purchased/professional/ consulting services		344,219	158,479	-	502,698	104,994	5,793	110,787	613,485	457,639
Building and Land Rent / Lease		632,692	298,865	16,179	947,736	197,843	11,391	209,234	1,156,970	1,101,512
Repairs and maintenance		68,185	34,187	5,409	107,781	22,263	2,388	24,651	132,432	94,316
Insurance		46,204	22,832	3,388	72,424	15,127	834	15,961	88,385	37,015
Utilities		54,014	24,868	-	78,882	16,475	909	17,384	96,266	146,363
Supplies and materials		129,771	68,051	18,037	215,859	45,084	2,489	47,573	263,432	267,615
Equipment / furnishings		30,604	19,351	11,427	61,382	12,820	707	13,527	74,909	63,010
Staff development		52,161	24,015	-	76,176	15,910	878	16,788	92,964	128,631
Marketing / recruitment		39,491	18,642	1,000	59,133	12,352	681	13,033	72,166	58,169
Technology		47,616	21,923	-	69,539	14,523	802	15,325	84,864	72,525
Food service		409,898	-	-	409,898	-	-	-	409,898	526,235
Student services		29,132	13,643	500	43,275	9,040	499	9,539	52,814	124,933
Office expense		126,997	58,478	-	185,475	38,743	2,138	40,881	226,356	238,669
Depreciation and amortization		92,251	42,473	-	134,724	28,137	1,553	29,690	164,414	209,151
Other		5,482	2,527	-	8,009	1,670	92	1,762	9,771	10,337
		\$ 5,657,571	\$ 2,454,402	\$ 208,130	\$ 8,320,103	\$ 1,527,396	\$ 95,118	\$ 1,622,514	\$ 9,942,617	\$ 9,510,513

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

GLOBAL COMMUNITY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

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

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 125,601	\$ (53,193)
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	164,414	209,151
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(235,157)	98,030
Prepaid expenses and other current assets	(88,130)	(885)
Accounts payable and accrued expenses	44,312	(21,334)
Accrued payroll and benefits	254,537	23,152
Vacation accrual	(13,476)	(2,103)
Deferred revenue	(26,546)	5,506
	<u>225,555</u>	<u>258,324</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES		
	225,555	258,324
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(345,000)	(84,512)
	<u>(345,000)</u>	<u>(84,512)</u>
NET CASH USED FOR INVESTING ACTIVITIES		
	(345,000)	(84,512)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Proceeds from Paycheck Protection Program loan	1,154,800	-
Payments on capital leases	(37,002)	(46,921)
	<u>1,117,798</u>	<u>(46,921)</u>
NET CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES		
	1,117,798	(46,921)
NET INCREASE IN CASH AND RESTRICTED CASH	998,353	126,891
Cash and restricted cash at beginning of year	976,945	850,054
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,975,298</u>	<u>\$ 976,945</u>

GLOBAL COMMUNITY CHARTER SCHOOL
STATEMENT OF CASH FLOWS, Cont'd

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

	Year ended June 30,	
	2020	2019
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid for interest	\$ 8,619	\$ 9,163
<u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Purchase of property and equipment through capital lease	\$ -	\$ 105,492
Reconciliation of cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 1,874,843	\$ 876,903
Cash in escrow	100,455	100,042
Total cash and restricted cash shown in the statement of cash flows	\$ 1,975,298	\$ 976,945

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

GLOBAL COMMUNITY CHARTER SCHOOL

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

Global Community Charter School (the “Charter School”) is an educational corporation that operates as a charter school in New York, New York. On September 13, 2011, 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 Charter was renewed in January 2017 for a term of two years through June 30, 2019. The Charter received its second renewal on April 9, 2019 for a term of three years through June 30, 2022. The Charter School also received approval from the New York City Department of Education to operate a Pre-K program beginning in Fall 2019 through June 2021.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported 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. The Charter School had no net assets with donor restrictions at June 30, 2020 or 2019.

GLOBAL COMMUNITY CHARTER SCHOOL

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on 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. Board designated net assets are as follows:

	June 30,	
	2020	2019
General reserve	\$ 100,000	\$ 100,000
Staff retention	10,375	60,750
Media center	37,970	50,200
	148,345	210,950
Undesignated	433,083	462,465
Invested in property and equipment, net	460,368	242,780
	<u>\$ 1,041,796</u>	<u>\$ 916,195</u>

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:

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.

GLOBAL COMMUNITY CHARTER SCHOOL

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

Universal Pre-Kindergarten (Pre-K)

Similar to state and local per pupil revenue, the Charter School recognizes Pre-K revenue as educational programming is provided to students throughout the year. The maximum revenue amount is based on a contractually determined fixed amount per student and the number of students enrolled at a point in time. This amount could be further reduced if actual costs incurred in providing the Pre-K program are less than the maximum calculated amount of the contract. Amounts are paid in installments throughout the course of the year, with the final 5% paid upon submission of all required documentation at the end of the contract year. The revenue earned for the year ended June 30, 2020 was approximately \$212,000. There was no revenue earned for the year ended June 30, 2019.

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

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

	<u>June 30,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Grants and other receivables	\$ 108,648	\$ 1,165	\$ 164,862

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 and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

Contributions are recorded as restricted support if the 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 in net assets as net assets released from restrictions.

GLOBAL COMMUNITY CHARTER SCHOOL

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. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position and amounted to \$26,546 at June 30, 2019. There were no deferred revenues at June 30, 2020. The Organization received cost-reimbursement grants of approximately \$19,800 and \$75,100 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 financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. Cash in escrow was \$100,455 and \$100,042 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 two to eight years. Leasehold improvements are being amortized with a useful life that is the same as the term of the building lease.

Contributed services

The Charter School receives contributed services from volunteers to serve on the Board of Trustees. The Charter School received transportation services, nursing services, speech and language consulting and certain office equipment from the local district. The Charter School was unable to determine a value for these services.

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.

GLOBAL COMMUNITY CHARTER SCHOOL

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 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 \$72,000 and \$58,000 for the years ended June 30, 2020 and 2019, respectively.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

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 the Charter School's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

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

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 26, 2020, which is the date the financial statements are available to be issued. Except as disclosed in Note C and Note J, no subsequent events requiring disclosure were noted.

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.

GLOBAL COMMUNITY CHARTER SCHOOL

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 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 balance 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.

GLOBAL COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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.

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 education 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 years 2020 and 2019.

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	\$ 1,874,843	\$ 876,903
Grants and other receivables	<u>410,462</u>	<u>175,305</u>
Total financial assets available within one year	2,285,305	\$ 1,052,208
Less:		
Amounts unavailable to management without Board approval:		
Board designated for general reserve	(100,000)	\$ (100,000)
Board designated for staff retention	(10,375)	\$ (60,750)
Board designated for media center	<u>(37,970)</u>	<u>\$ (50,200)</u>
Total amounts unavailable to management without Board approval	<u>(148,345)</u>	<u>(210,950)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 2,136,960</u>	<u>\$ 841,258</u>

GLOBAL COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 437,340	\$ 389,658
Computers and equipment	459,521	391,639
Leasehold improvements	606,125	437,026
Construction in progress	<u>60,337</u>	<u>-</u>
	1,563,323	1,218,323
Less accumulated depreciation and amortization	<u>1,022,927</u>	<u>858,513</u>
	<u>\$ 540,396</u>	<u>\$ 359,810</u>

Total depreciation and amortization expense was \$164,414 and \$209,151 for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020, a portion of the Charter School's construction of leasehold improvements was in progress. Construction in progress is stated at cost. No provision for amortization is made on construction in progress until such time as the relevant assets are completed and put into use. The Charter school expects the total cost of the project to be approximately \$208,000. The Organization has entered into a commitment with a general contractor for approximately \$196,000. As of June 30, 2020, approximately \$22,000 had been incurred relative to this contract. The remaining \$174,000 was incurred during the fiscal year ending June 30, 2021.

NOTE D: SCHOOL FACILITY

The Charter School leases its facilities located at 2350 Fifth Avenue. The original lease term was from February 1, 2015 through July 31, 2017 with two options to renew, each for an additional five years. During the year ended June 30, 2017, the Charter School exercised the first option to renew their lease through July 2022. Monthly rental payments are \$90,000 through July 2022. The Charter School was required to deposit \$180,000 with the landlord to be held as a security deposit as part of the renewal option. The Charter School is required to maintain general liability insurance in case of an incident that causes the demise of the premises. The Charter School will also pay additional expenses for utilities, maintenance, improvements, and real estate taxes.

The future minimum payments on this agreement for base rent are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 1,080,000
2022	1,080,000
2023	<u>90,000</u>
	<u>\$ 2,250,000</u>

Rent expense for the years ended June 30, 2020 and 2019 was \$1,156,970 and \$1,101,512, respectively.

GLOBAL COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE E: LEASES AND COMMITMENTS

The Charter School entered into non-cancelable lease agreements for office equipment and furniture expiring at various dates through July 2023.

During January 2016 the Charter School leased furniture under a separate lease agreement, which is classified as a capital lease under GAAP. The capital lease required monthly payments of \$2,335 through December 2018, including interest at 9.3%. The furniture under capital lease is included in property and equipment on the accompanying statement of financial position with no net book value at June 30, 2020 and 2019. Amortization of capital leases is included in depreciation and amortization expense. There was no balance of the capital lease payable at June 30, 2020 and 2019. The lease payments continued on a month-to-month basis through August 2019. In September 2019, this lease was renewed through August 2020 requiring monthly payments of \$2,062.

During August 2016 the Charter School entered into an additional capital lease for furniture and computer equipment. The lease requires monthly payments of \$1,350 through July 2021, with interest at 7%. The furniture and computer equipment under capital lease is included in property and equipment on the accompanying statement of financial position with a net book value of \$21,163 and \$28,596 at June 30, 2020 and 2019, respectively. Amortization of capital leases is included in depreciation and amortization expense. The balance of the capital lease payable at June 30, 2020 and 2019 was \$16,853 and \$31,323, respectively.

In July 2018 the Charter School entered into two additional capital leases, one for furniture and the other for computer equipment. The leases require monthly payments of \$1,663 through July 2023, with interest at 8.2%, and monthly payments of \$723 through July 2021, with interest at 7.5%, respectively. The furniture and computer equipment under capital lease is included in property and equipment on the accompanying statement of financial position with a net book value of \$63,375 and \$87,593 at June 30, 2020 and 2019, respectively. The balance of these capital leases payable at June 30, 2020 and 2019 was \$63,175 and \$85,707, respectively.

In August 2018 the Charter School entered into an operating lease for equipment. The lease requires monthly payments of \$3,398 through August 2021.

In September 2019 the Charter School entered into an additional operating lease for equipment. The lease requires monthly payments of \$2,181 through August 2020.

GLOBAL COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE E: LEASES AND COMMITMENTS, Cont'd

Annual estimated future minimum rental payments required under the aforementioned operating and capital leases for the next four years are as follows:

<u>Year ending June 30,</u>	<u>Capital leases</u>	<u>Operating leases</u>
2021	\$ 44,833	\$ 49,263
2022	22,029	3,398
2023	19,956	-
2024	<u>1,663</u>	<u>-</u>
		52,661
Net minimum lease payments	88,481	
Less amount representing interest	<u>8,453</u>	
Present value of net minimum lease payments included in capital lease liability	80,028	
Less current maturities of capital lease obligations included in current portion of capital lease liability	<u>39,894</u>	
Long-term capital lease obligations	<u>\$ 40,134</u>	

NOTE F: 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 G: CONCENTRATIONS

At June 30, 2020 and 2019, approximately 91% and 99%, respectively, of grants and other receivables are due from the New York State Department of Education relating to certain grants.

During the years ended June 30, 2020 and 2019 approximately 80% and 82%, respectively, of total operating revenue and support came from per-pupil funding. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students reside.

NOTE H: RETIREMENT PLAN

The Charter School has established a 403(b) retirement plan for employees. The Plan began operations effective September 15, 2016. All full time employees are automatically enrolled at a base contribution of 2% of compensation unless they make an alternative election. The Plan also provides for a discretionary employer match. The employer match for the years ended June 30, 2020 and 2019 was approximately \$49,650 and \$51,290, respectively.

GLOBAL COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE I: 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. Expenses (including but not limited to salaries, benefits, payroll taxes, purchased services, occupancy costs, and supplies and materials) which are allocated to more than one program or supporting function are allocated on the basis of estimates of time, effort, and usage.

NOTE J: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

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 \$1,154,800 through the Paycheck Protection Program (“PPP”) established by the Small Business Administration. The loan has a maturity of 5 years and an interest rate of 1%. The loan was funded on June 17, 2020. PPP loans can be forgiven by SBA if at least 60% of the funds are expended for payroll and related benefits, while the remaining balance can be used for mortgage interest, rent, utilities, and lease payments made during the covered period, as defined in the loan. Employment levels are also required to be maintained in accordance with the PPP guidelines. The Charter School filed its forgiveness application on October 9, 2020.

Estimated annual maturities of the note payable are as follows:

<u>Year ending June 30.</u>	<u>Amount</u>
2021	\$ 35,994
2022	275,522
2023	278,290
2024	281,085
2025	283,909
	<u>\$ 1,154,800</u>

NOTE K: 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 (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.

GLOBAL COMMUNITY CHARTER SCHOOL

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

Board of Trustees
Global Community Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Global Community Charter School, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 26, 2020.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We noted certain matters that we have reported to management of Global Community Charter School in a separate letter dated October 26, 2020.

Purpose of This Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 26, 2020

GLOBAL COMMUNITY CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020

Finding 2019-001

Statement of condition

During our audit testing we determined a significant adjustment was necessary to correctly state the Charter School's financial statements as of and for the year ended June 30, 2019.

Criteria and effect of conditions

During our audit, we noted property and equipment and corresponding long-term liabilities related to two capital leases entered into during July 2018 were not recorded, resulting in a significant auditor adjustment of approximately \$105,000 to record the asset and offsetting liability. Additional entries were necessary to record depreciation expense and properly apply lease payments made during the year to the resulting liability.

Recommendation

We recommend management review the terms of all lease agreements upon signing to ensure accurate reporting. Any leases with \$1 bargain purchase options meet the criteria to be recorded as capital leases.

Management's response

We have reviewed the terms of all leases and made appropriate changes to the balance sheet. In consultation with financial consultants and accounting standards, we will make appropriate adjustments to the financial statements for any new lease agreements going forward.

Status of Prior Finding

During fiscal 2020, the Charter School properly recorded lease payments and depreciation on existing capital leases. No new capital leases were entered into during the year ended June 30, 2020.



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	Global Community Charter School
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	New York City Department of Education
If located in NYC DOE select CSD:	NYCSD #5
School Fiscal Contact Name:	Bill Holmes
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Mengel, Metzger, Barr
School Audit Contact Name:	Jackie Lee
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	attached
Management Letter Response	n/a
Form 990	not ready yet
Federal Single Audit (A-133)	federal funds did not exceed \$750,000
Corrective Action Plan	n/a

Global Community Charter School
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,874,843	\$ 876,903
Grants and contracts receivable	410,462	175,305
Accounts receivables	-	-
Prepaid Expenses	91,990	3,860
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>2,377,295</u>	<u>1,056,068</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 540,396	\$ 359,810
Restricted Cash	100,455	100,042
Security Deposits	180,000	180,000
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>820,851</u>	<u>639,852</u>
TOTAL ASSETS	<u>3,198,146</u>	<u>1,695,920</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 329,942	\$ 285,630
Accrued payroll, payroll taxes and benefits	591,580	350,519
Current Portion of Loan Payable	39,894	36,988
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	26,546
Other Current Liabilities	35,994	-
TOTAL CURRENT LIABILITIES	<u>997,410</u>	<u>699,683</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 40,134	\$ 80,042
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	1,118,806	-
TOTAL LONG-TERM LIABILITIES	<u>1,158,940</u>	<u>80,042</u>
TOTAL LIABILITIES	<u>2,156,350</u>	<u>779,725</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 1,041,796	\$ 916,195
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>1,041,796</u>	<u>916,195</u>
TOTAL LIABILITIES AND NET ASSETS	<u>3,198,146</u>	<u>1,695,920</u>

**Global Community Charter School
Statement of Activities
as of June 30**

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 6,925,999	\$ -	\$ 6,925,999	\$ 6,534,216
State and Local Per Pupil Revenue - SPED	1,045,702	-	1,045,702	1,193,277
State and Local Per Pupil Facilities Revenue	863,379	-	863,379	794,247
Federal Grants	461,953	-	461,953	278,275
State and City Grants	245,062	-	245,062	20,229
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	418,796	-	418,796	545,226
TOTAL OPERATING REVENUE	9,960,891	-	9,960,891	9,365,470
EXPENSES				
Program Services				
Regular Education	\$ 5,657,571	\$ -	\$ 5,657,571	\$ 5,492,396
Special Education	2,454,402	-	2,454,402	2,411,136
Other Programs	208,130	-	208,130	-
Total Program Services	8,320,103	-	8,320,103	7,903,532
Management and general	1,527,396	-	1,527,396	1,515,070
Fundraising	95,118	-	95,118	91,911
TOTAL EXPENSES	9,942,617	-	9,942,617	9,510,513
SURPLUS / (DEFICIT) FROM OPERATIONS	18,274	-	18,274	(145,043)
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ 10,891	\$ -	\$ 10,891	\$ 6,937
Contributions and Grants	44,014	-	44,014	18,795
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	52,422	-	52,422	66,118
TOTAL SUPPORT AND OTHER REVENUE	107,327	-	107,327	91,850
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	125,601	-	125,601	(53,193)
NET ASSETS - BEGINNING OF YEAR	\$ 916,195	\$ -	\$ 916,195	\$ 969,388
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 1,041,796	\$ -	\$ 1,041,796	\$ 916,195

**Global Community Charter School
Statement of Cash Flows**

as of June 30

	<u>2020</u>	<u>2019</u>
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 125,601	\$ (53,193)
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	164,414	209,151
Grants Receivable	(235,157)	98,030
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	(88,130)	(885)
Accounts Payable	44,312	(21,334)
Accrued Expenses	241,061	21,049
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	(26,546)	5,506
Interest payments	-	-
Other	-	-
Other	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 225,555	\$ 258,324
CASH FLOWS - INVESTING ACTIVITIES	\$	\$
Purchase of equipment	(345,000)	(84,512)
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (345,000)	\$ (84,512)
CASH FLOWS - FINANCING ACTIVITIES	\$	\$
Principal payments on long-term debt	1,154,800	-
Other	(37,002)	(46,921)
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 1,117,798	\$ (46,921)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 998,353	\$ 126,891
Cash at beginning of year	976,945	850,054
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,975,298	\$ 976,945

**Global Community Charter School
Statement of Functional Expenses
as of June 30**

		2020							2019	
No. of Positions	Program Services				Supporting Services			Total	Total	
	Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total			
Personnel Services Costs		\$	\$	\$	\$	\$	\$	\$	\$	
Administrative Staff Personnel	15.00	462,481	111,632	16,943	591,056	52,904	611,649	664,553	1,255,609	1,233,876
Instructional Personnel	56.00	2,410,370	1,257,361	105,671	3,773,402	-	81,713	81,713	3,855,115	3,541,539
Non-Instructional Personnel	2.00	18,953	4,145	-	23,098	-	53,110	53,110	76,208	72,619
Total Salaries and Staff	73.00	2,891,804	1,373,138	122,614	4,387,556	52,904	746,472	799,376	5,186,932	4,848,034
Fringe Benefits & Payroll Taxes		629,190	260,103	29,576	918,870	10,591	191,916	202,507	1,121,377	1,043,609
Retirement		27,860	12,827	-	40,686	469	8,496	8,965	49,651	51,289
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	9,156	9,156	9,156	4,461
Accounting / Audit Services		-	-	-	-	-	36,375	36,375	36,375	27,000
Other Purchased / Professional / Consulting Services		344,219	158,479	-	502,698	5,793	104,994	110,787	613,485	457,639
Building and Land Rent / Lease		632,692	298,865	16,179	947,736	11,391	197,843	209,234	1,156,970	1,101,512
Repairs & Maintenance		68,185	34,187	5,409	107,781	2,388	22,263	24,651	132,432	94,316
Insurance		46,204	22,832	3,388	72,424	834	15,127	15,961	88,385	37,015
Utilities		54,014	24,868	-	78,882	909	16,475	17,384	96,266	146,363
Supplies / Materials		129,771	68,051	18,037	215,859	2,489	45,084	47,573	263,432	267,615
Equipment / Furnishings		30,604	19,351	11,427	61,382	707	12,820	13,527	74,909	63,010
Staff Development		52,161	24,015	-	76,176	878	15,910	16,788	92,964	128,631
Marketing / Recruitment		39,491	18,642	1,000	59,133	681	12,352	13,033	72,166	58,169
Technology		47,616	21,923	-	69,539	802	14,523	15,325	84,864	72,525
Food Service		409,898	-	-	409,898	-	-	-	409,898	526,235
Student Services		29,132	13,643	500	43,275	499	9,040	9,539	52,814	124,933
Office Expense		126,997	58,478	-	185,475	2,138	38,743	40,881	226,356	238,669
Depreciation		92,251	42,473	-	134,724	1,553	28,137	29,690	164,414	209,151
OTHER		5,482	2,527	-	8,009	92	1,670	1,762	9,771	10,337
Total Expenses		\$ 5,657,571	\$ 2,454,402	\$ 208,130	\$ 8,320,103	\$ 95,118	\$ 1,527,396	\$ 1,622,514	\$ 9,942,617	\$ 9,510,513

New York State Education Department

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

2019-20 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 accommodate 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.

Global Community Charter School

PROJECTED BUDGET FOR 2020-21

July 1, 2020 to June 30, 2021

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	PreK	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	9,250,558	1,212,080	196,380	53,500	-	10,712,518
Total Expenses	7,182,759	1,597,950	269,108	49,478	1,498,984	10,598,279
Net Income	2,067,798	(385,870)	(72,728)	4,022	(1,498,984)	114,239
Actual Student Enrollment	397	75				
Total Paid Student Enrollment	-	-				

Assumptions

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

PROGRAM SERVICES

SUPPORT SERVICES

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

REVENUE

REVENUES FROM STATE SOURCES

Per Pupil Revenue	CY Per Pupil Rate	REGULAR EDUCATION	SPECIAL EDUCATION	PreK	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	Assumptions
Global Community Charter School	\$16,122.00	7,609,584	-	-	-	-	7,609,584	Assumes budget of 472
School District 2 (Enter Name)		-	-	-	-	-	-	
School District 3 (Enter Name)		-	-	-	-	-	-	
School District 4 (Enter Name)		-	-	-	-	-	-	
School District 5 (Enter Name)		-	-	-	-	-	-	
		7,609,584	-	-	-	-	7,609,584	
Special Education Revenue		-	1,162,080	-	-	-	1,162,080	Assumes 60 SpEd students at varying levels of support
Grants								
Stimulus		-	-	-	-	-	-	
Other		-	-	-	-	-	-	
Other State Revenue		1,080,000	-	-	-	-	1,080,000	3rd-6th grade students receive rental assistance
TOTAL REVENUE FROM STATE SOURCES		8,689,584	1,162,080	-	-	-	9,851,664	

REVENUE FROM FEDERAL FUNDING

IDEA Special Needs		-	50,000	-	-	-	50,000	
Title I		165,000	-	-	-	-	165,000	
Title Funding - Other		20,000	-	-	-	-	20,000	
School Food Service (Free Lunch)		324,379	-	-	-	-	324,379	
Grants								
Charter School Program (CSP) Planning & Implementation		-	-	-	-	-	-	
Other		-	-	-	-	-	-	
Other Federal Revenue		-	-	-	-	-	-	
TOTAL REVENUE FROM FEDERAL SOURCES		509,379	50,000	-	-	-	559,379	

LOCAL and OTHER REVENUE

Contributions and Donations, Fundraising		-	-	-	33,500	-	33,500	
Erate Reimbursement		20,000	-	-	-	-	20,000	
Interest Income, Earnings on Investments,		-	-	-	-	-	-	
NYC-DYCD (Department of Youth and Community Developmt.)		-	-	-	-	-	-	
Food Service (Income from meals)		-	-	-	-	-	-	
Text Book		31,595	-	-	-	-	31,595	FAMIS
Other Local Revenue		-	-	196,380	20,000	-	216,380	PreK revenue & parent fees for OST programs
TOTAL REVENUE FROM LOCAL and OTHER SOURCES		51,595	-	196,380	53,500	-	301,475	

TOTAL REVENUE

9,250,558	1,212,080	196,380	53,500	-	10,712,518
------------------	------------------	----------------	---------------	----------	-------------------

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

EXPENSES

ADMINISTRATIVE STAFF PERSONNEL COSTS

	No. of Positions	REGULAR EDUCATION	SPECIAL EDUCATION	PreK	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	Assumptions
Executive Management	2.00	100,000	50,000	-	25,000	115,000	290,000	CAO & COO
Instructional Management	4.00	155,736	162,225	-	-	-	317,961	ACAO, SpEd Coordinator, Instructional coach & Academic support coord.
Deans, Directors & Coordinators	3.00	185,123	34,177	-	-	-	219,300	2 Deans & family coordinator
CFO / Director of Finance	-	-	-	-	-	-	-	
Operation / Business Manager	1.00	-	-	-	-	85,680	85,680	Operations Manager
Administrative Staff	4.00	113,427	-	-	-	113,427	226,853	Officer Mgr, Exec Asst, Ops Associate, Finance Associate
TOTAL ADMINISTRATIVE STAFF	14	554,286	246,402	-	25,000	314,107	1,139,794	

INSTRUCTIONAL PERSONNEL COSTS

Teachers - Regular	19.00	1,427,000	-	-	-	-	1,427,000	1 GenEd teacher per classroom
Teachers - SPED	12.00	-	924,996	-	-	-	924,996	1 SpEd in Kindergarten, 2 per grade 1st-5th
Substitute Teachers	-	-	-	-	-	-	-	
Teaching Assistants	13.00	490,278	-	-	-	-	490,278	
Specialty Teachers	7.00	504,600	-	-	-	-	504,600	Dance, Music, Art, PE, Science, Spanish, Media Studies

