

October 29, 2020

The Board of Trustees
REACH Academy Charter School

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

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

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

Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We communicated the significant deficiencies identified during our audit in a separate communication dated October 29, 2020.

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

Lumsden & McCormick, LLP

REACH ACADEMY CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
REACH Academy Charter School

We have audited the accompanying balance sheets of REACH Academy Charter School (the School) as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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

October 29, 2020

REACH ACADEMY CHARTER SCHOOL

Balance Sheets

June 30,	2020	2019
Assets		
Current assets:		
Cash	\$ 1,073,852	\$ 553,615
Receivables (Note 2)	299,021	149,821
Prepaid expenses and other	80,307	53,000
	<u>1,453,180</u>	<u>756,436</u>
Property and equipment, net (Note 3)	372,374	338,445
Restricted cash	75,000	50,000
	<u>\$ 1,900,554</u>	<u>\$ 1,144,881</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 163,107	\$ 92,404
Accrued expenses	511,681	474,993
	<u>674,788</u>	<u>567,397</u>
Deferred rent liability - noncurrent (Note 5)	867,600	734,520
Paycheck Protection Program loan (Note 6)	560,772	-
Net assets (deficiency):		
Without donor restrictions	<u>(202,606)</u>	<u>(157,036)</u>
	<u>\$ 1,900,554</u>	<u>\$ 1,144,881</u>

REACH ACADEMY CHARTER SCHOOL

Statements of Activities

For the years ended June 30,	2020	2019
Changes in net assets without donor restrictions:		
Support and revenue:		
Enrollment fees:		
Resident students	\$ 4,568,068	\$ 3,248,153
Resident students with disabilities	361,445	286,177
Additional state aid	-	66,302
Contributions - federal and state awards	270,224	190,995
Rent and other income	31,544	40,251
Total support and revenue	<u>5,231,281</u>	<u>3,831,878</u>
Expenses:		
Program expenses:		
Regular education	3,815,967	2,454,548
Special education	411,904	386,534
Other program	397,280	390,183
Supporting services:		
Management and general	651,700	740,669
Total expenses	<u>5,276,851</u>	<u>3,971,934</u>
Change in net assets	(45,570)	(140,056)
Net assets (deficiency) - beginning	<u>(157,036)</u>	<u>(16,980)</u>
Net assets (deficiency) - ending	<u>\$ (202,606)</u>	<u>\$ (157,036)</u>

REACH ACADEMY CHARTER SCHOOL

Statements of Functional Expenses

For the years ended June 30,

	2020					Total
	Number of Positions	Regular Education	Special Education	Other Program	Management and General	
Administrative personnel	5.0	\$ -	\$ -	\$ -	\$ 388,785	\$ 388,785
Instructional personnel	56.0	2,242,990	269,159	-	-	2,512,149
Non-instructional personnel	4.0	-	-	89,720	-	89,720
Total salaries	65.0	\$ 2,242,990	\$ 269,159	\$ 89,720	\$ 388,785	\$ 2,990,654
Salaries		\$ 2,242,990	\$ 269,159	\$ 89,720	\$ 388,785	\$ 2,990,654
Employee benefits and taxes		554,216	66,506	22,169	96,064	738,955
Classroom supplies and materials		132,627	16,392	-	-	149,019
Contracted services		50,297	6,216	214,231	-	270,744
Insurance		15,069	942	942	1,884	18,837
Occupancy		360,864	22,554	22,554	45,108	451,080
Office and other expense		5,648	353	353	706	7,060
Payroll processing		-	-	-	9,438	9,438
Professional fees		-	-	-	35,702	35,702
Recruitment		-	-	-	19,809	19,809
Repairs and maintenance		30,148	1,884	1,884	3,768	37,684
Screening assessment and fingerprinting		-	-	-	265	265
Staff development		94,491	5,906	5,906	11,811	118,114
Student activities		21,155	2,615	-	-	23,770
Technology		104,294	6,519	6,519	13,038	130,370
Telephone		19,115	1,195	1,195	2,390	23,895
Transportation		-	-	20,341	-	20,341
Uniforms		1,597	197	-	-	1,794
Utilities		59,494	3,718	3,718	7,437	74,367
		3,692,005	404,156	389,532	636,205	5,121,898
Depreciation		123,962	7,748	7,748	15,495	154,953
Total		\$ 3,815,967	\$ 411,904	\$ 397,280	\$ 651,700	\$ 5,276,851

See accompanying notes.

2019

Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
6.0	\$ -	\$ -	\$ -	\$ 474,599	\$ 474,599
45.0	1,315,934	258,872	-	-	1,574,806
6.0	-	-	107,863	-	107,863
57.0	\$ 1,315,934	\$ 258,872	\$ 107,863	\$ 474,599	\$ 2,157,268
	\$ 1,315,934	\$ 258,872	\$ 107,863	\$ 474,599	\$ 2,157,268
	319,893	62,930	26,221	115,372	524,416
	117,382	16,006	-	-	133,388
	41,016	5,593	181,452	-	228,061
	25,310	1,582	1,582	3,164	31,638
	360,864	22,554	22,554	45,108	451,080
	5,412	339	2,193	20,215	28,159
	-	-	-	8,660	8,660
	-	-	-	21,144	21,144
	-	-	-	20,832	20,832
	29,572	1,848	1,848	3,697	36,965
	-	-	-	1,133	1,133
	56,318	3,520	3,520	7,040	70,398
	20,031	2,731	-	-	22,762
	20,015	1,251	1,251	2,502	25,019
	11,345	709	709	1,418	14,181
	-	-	33,098	-	33,098
	5,184	707	-	-	5,891
	48,468	3,029	3,029	6,059	60,585
	2,376,744	381,671	385,320	730,943	3,874,678
	77,804	4,863	4,863	9,726	97,256
	\$ 2,454,548	\$ 386,534	\$ 390,183	\$ 740,669	\$ 3,971,934

Statements of Cash Flows

For the years ended June 30,	2020	2019
Operating activities:		
Cash received from enrollment fees	\$ 4,817,148	\$ 3,586,185
Cash received from contributions - federal and state awards	233,389	71,990
Cash received from other sources	31,544	40,251
Payments to employees for services and benefits	(3,625,505)	(2,442,009)
Payments to vendors and suppliers	(1,283,229)	(981,289)
Net operating activities	173,347	275,128
Investing activities:		
Property and equipment expenditures	(188,882)	(178,642)
Financing activities:		
Proceeds from Paycheck Protection Program loan	560,772	-
Net change in cash and restricted cash	545,237	96,486
Cash and restricted cash - beginning	603,615	507,129
Cash and restricted cash - ending	\$ 1,148,852	\$ 603,615

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization and Purpose:

REACH Academy Charter School (the School) operates a charter school in the City of Buffalo, New York (the City) authorized by the Board of Regents of the University of the State of New York. Pursuant to its charter application, the School began operations in the fiscal year ended June 30, 2018 offering classes from kindergarten through first grade and plans to add one grade per year through 2022. The School offered classes from kindergarten through third grade in 2020 (kindergarten through second grade in 2019). The School is chartered through June 2022 and continued operations are contingent upon approval of its charter renewal.

New Accounting Standards Adopted:

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

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

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

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

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through October 29, 2020, the date the financial statements were available to be issued.

Cash:

Cash in financial institutions potentially subjects the School to concentrations of credit risk, since it may exceed insured limits at various times throughout the year. The School complies with a requirement to hold no less than \$75,000 (\$50,000 in 2019) in an escrow account to pay legal and audit expenses that would be associated with dissolution should it occur. This is included as restricted cash on the balance sheets as of June 30, 2020 and 2019.

Property and Equipment:

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

Revenue Recognition:

Enrollment Fees

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

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

Contributions

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

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

Receivables

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

Income Taxes:

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

Transportation and Food Services:

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

Use of Estimates:

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

Functional Expense Allocation:

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

2. Receivables:

	2020	2019
Contributions	\$ 172,209	\$ 135,374
Enrollment fees	126,812	14,447
	<u>\$ 299,021</u>	<u>\$ 149,821</u>

3. Property and Equipment:

	2020	2019
Building improvements	\$ 119,263	\$ 34,786
Instructional and office equipment	552,982	448,577
	<u>672,245</u>	<u>483,363</u>
Less accumulated depreciation	299,871	144,918
	<u>\$ 372,374</u>	<u>\$ 338,445</u>

4. Retirement Plans:

The School participates in the New York State Teachers' Retirement System (TRS) which is a cost-sharing multiple employer public employee retirement system. TRS 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.

TRS is administered by the New York State Teachers' Retirement Board and 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from TRS at www.nystrs.org.

No employee contribution is required for those whose service began prior to July 1976. TRS requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined from July 1976 through December 2009. Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% of compensation throughout their active membership in TRS. Participants whose service began on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation.

Pursuant to Article 11 of the Education Law, an actuarially determined contribution rate is established annually by the New York State Teachers' Retirement Board. The rate is 8.86% of the annual covered payroll for the year ended June 30, 2020, and 10.62% for the year ended June 30, 2019. The School's required contributions for the years ended June 30, 2020 and 2019 were \$242,254 and \$192,404.

The School also has a 403(b) plan covering selected employee groups. The School contributes a fixed amount to the plan for eligible non-instructional employees, subject to certain limits. The School's pension expenses for the years ended June 30, 2020 and 2019 were \$9,787 and \$9,095.

5. Operating Lease:

The School leases property under the terms of a ten-year non-cancelable arrangement, which also contains two optional five-year renewals. Lease payments are made pursuant to an escalating payment schedule; however, in the event of default, the School has an obligation for any unpaid amounts calculated as if rental costs had been amortized evenly over the lease term. Consequently, accrued rent totaling \$867,600 and \$734,520 is presented as deferred rent liability - noncurrent on the accompanying balance sheets as of June 30, 2020 and 2019. Rental expense totaled \$451,080 for each of the years ended June 30, 2020 and 2019.

Future minimum annual rental payments due at June 30, 2020 are:

2021	\$ 424,800
2022	575,000
2023	575,000
2024	575,000
2025	575,000
Thereafter	<u>1,150,000</u>
	<u>\$ 3,874,800</u>

6. Paycheck Protection Program Loan:

During 2020, the School received a loan totaling \$560,772 from the Small Business Administration under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in response to the pandemic described in Note 8. Some or all of the loan may be forgiven if certain criteria is met. Otherwise, the loan is unsecured, bears interest at 1%, and is payable over a negotiable period of time.

7. Financial Assets Available for Operating Purposes:

The School obtains financial assets generally through enrollment fees and contributions. The financial assets are acquired throughout the year to help meet the School's cash needs for general expenditures.

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

	<u>2020</u>	2019
Cash available for operations	\$ 1,073,852	\$ 553,615
Receivables	<u>299,021</u>	149,821
	<u>\$ 1,372,873</u>	\$ 703,436

8. Risks and Uncertainties due to COVID-19:

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

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

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

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

The Board of Trustees
REACH Academy Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of REACH Academy Charter School (the School), which comprise the balance sheet as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following to be a significant deficiency in internal control:

Internal Control Procedures

In performing our audit procedures, we noted many expense transactions were improperly recorded, billings prepared by the CIO were not reviewed and approved prior to sending to the districts, and key general ledger accounts were not timely reconciled. As a result, several significant audit adjustments and reclass entries were required at year end. Additionally, we noted cash receipts are accumulated in the safe and deposits are not made timely.

We recommend management adopt sound monthly closing procedures whereby all key balance sheet accounts are timely reconciled and a monthly variance analysis (to prior year and budget) is prepared to identify errors and explain unexpected results. Deposits should be made at least weekly to improve cash flow and to reduce the risk of loss. Additionally, we recommend the review and approval of district billings before submission to ensure accuracy.

Management's Response

During the year, the School experienced turnover in two accounting positions which contributed to the deficiencies cited above. Management agrees with the recommendation and plans to implement monthly closing and approval procedures to improve internal controls.

Compliance and Other Matters

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

School's Response to the Findings

The School's response to the finding identified in our audit is described above. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

October 29, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	Reach Academy Charter School
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	-
If located in NYC DOE select CSD:	-
School Fiscal Contact Name:	Linda Marszalek
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Lumsden & McCormick, LLP
School Audit Contact Name:	Thomas Burns, CPA
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	A written Management Letter was not issued
Management Letter Response	N/A
Form 990	Form 990 is on extension for filing
Federal Single Audit (A-133)	Not Required
Corrective Action Plan	N/A

Reach Academy Charter School
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,073,852	\$ 553,615
Grants and contracts receivable	299,021	149,821
Accounts receivables	-	-
Prepaid Expenses	80,307	53,000
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>1,453,180</u>	<u>756,436</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 372,374	\$ 338,445
Restricted Cash	75,000	50,000
Security Deposits	-	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>447,374</u>	<u>388,445</u>
TOTAL ASSETS	<u>1,900,554</u>	<u>1,144,881</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 493,806	\$ 389,050
Accrued payroll, payroll taxes and benefits	180,982	178,347
Current Portion of Loan Payable	-	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	-
Other Current Liabilities	-	-
TOTAL CURRENT LIABILITIES	<u>674,788</u>	<u>567,397</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 560,772	\$ -
Deferred Rent	867,600	734,520
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	<u>1,428,372</u>	<u>734,520</u>
TOTAL LIABILITIES	<u>2,103,160</u>	<u>1,301,917</u>
<u>NET ASSETS</u>		
Unrestricted	\$ (202,606)	\$ (157,036)
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>(202,606)</u>	<u>(157,036)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,900,554</u>	<u>1,144,881</u>

Reach Academy 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	\$ 4,568,068	\$ -	\$ 4,568,068	\$ 3,248,153
State and Local Per Pupil Revenue - SPED	361,445	-	361,445	286,177
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	270,224	-	270,224	190,995
State and City Grants	-	-	-	66,302
Other Operating Income	31,544	-	31,544	40,251
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	5,231,281	-	5,231,281	3,831,878
EXPENSES				
Program Services				
Regular Education	\$ 3,815,967	\$ -	\$ 3,815,967	\$ 2,454,548
Special Education	411,904	-	411,904	386,534
Other Programs	397,280	-	397,280	390,183
Total Program Services	4,625,151	-	4,625,151	3,231,265
Management and general	651,700	-	651,700	740,669
Fundraising	-	-	-	-
TOTAL EXPENSES	5,276,851	-	5,276,851	3,971,934
SURPLUS / (DEFICIT) FROM OPERATIONS	(45,570)	-	(45,570)	(140,056)
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ -	\$ -	\$ -	\$ -
Contributions and Grants	-	-	-	-
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	-	-	-	-
TOTAL SUPPORT AND OTHER REVENUE	-	-	-	-
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	(45,570)	-	(45,570)	(140,056)
NET ASSETS - BEGINNING OF YEAR	\$ (157,036)	\$ -	\$ (157,036)	\$ (16,980)
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ (202,606)	\$ -	\$ (202,606)	\$ (157,036)

**Reach Academy Charter School
Statement of Cash Flows**

as of June 30

	2020	2019
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ -	\$ -
Revenues from School Districts	4,817,148	3,586,185
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	-	-
Grants Receivable	-	-
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	-	-
Accounts Payable	-	-
Accrued Expenses	-	-
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	-	-
Interest payments	-	-
Other	264,933	112,241
Other	(4,908,734)	(3,448,298)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 173,347	\$ 250,128
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	(188,882)	(178,642)
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (188,882)	\$ (178,642)
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	-	-
Other	560,772	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 560,772	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 545,237	\$ 71,486
Cash at beginning of year	603,615	482,129
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,148,852	\$ 553,615

**Reach Academy Charter School
Statement of Functional Expenses
as of June 30**

		2020							2019	
No. of Positions	Program Services				Supporting Services			Total		
	Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Personnel Services Costs										
Administrative Staff Personnel	5.00	-	-	-	-	388,785	388,785	388,785	474,599	
Instructional Personnel	56.00	2,242,990	269,159	-	2,512,149	-	-	2,512,149	1,574,806	
Non-Instructional Personnel	4.00	-	-	89,720	89,720	-	-	89,720	107,863	
Total Salaries and Staff	65.00	2,242,990	269,159	89,720	2,601,869	-	388,785	388,785	2,990,654	
Fringe Benefits & Payroll Taxes		554,216	66,506	22,169	642,891	-	96,064	96,064	738,955	
Retirement		-	-	-	-	-	-	-	-	
Management Company Fees		-	-	-	-	-	-	-	-	
Legal Service		-	-	-	-	-	-	-	1,248	
Accounting / Audit Services		-	-	-	-	-	-	-	19,896	
Other Purchased / Professional / Consulting Services		-	-	-	-	-	-	-	8,660	
Building and Land Rent / Lease		360,864	22,554	22,554	405,972	-	45,108	45,108	451,080	
Repairs & Maintenance		30,148	1,884	1,884	33,916	-	3,768	3,768	37,684	
Insurance		15,069	942	942	16,953	-	1,884	1,884	18,837	
Utilities		59,494	3,718	3,718	66,930	-	7,437	7,437	74,766	
Supplies / Materials		132,627	16,392	-	149,019	-	-	-	149,019	
Equipment / Furnishings		-	-	-	-	-	-	-	-	
Staff Development		94,491	5,906	5,906	106,303	-	11,811	11,811	118,114	
Marketing / Recruitment		-	-	-	-	-	-	-	20,832	
Technology		104,294	6,519	6,519	117,332	-	13,038	13,038	130,370	
Food Service		-	-	-	-	-	-	-	-	
Student Services		21,155	2,615	-	23,770	-	-	-	23,770	
Office Expense		5,648	353	353	6,354	-	706	706	7,060	
Depreciation		123,962	7,748	7,748	139,458	-	15,495	15,495	154,953	
OTHER		71,009	7,608	235,767	314,384	-	67,604	67,604	381,988	
Total Expenses		\$ 3,815,967	\$ 411,904	\$ 397,280	\$ 4,625,151	\$ -	\$ 651,700	\$ 651,700	\$ 5,276,851	\$ 3,971,934



FOR INQUIRIES CALL: FOUNTAIN PLAZA OFFICE
(716) 848-3303

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REACH ACADEMY CHARTER SCHOOL
ESCROW ACCOUNT
115 ASH ST
BUFFALO NY 14204

ACCOUNT TYPE
COMMERCIAL SAVINGS

ACCOUNT NUMBER	STATEMENT PERIOD
[REDACTED]	JUL.01-JUL.31,2020

BEGINNING BALANCE	\$50,083.05
DEPOSITS & CREDITS	25,000.00
LESS CHECKS & DEBITS	0.00
INTEREST	4.21
LESS SERVICE CHARGES	0.00
ENDING BALANCE	\$75,087.26

INTEREST PAID YEAR TO DATE \$26.33

ACCOUNT ACTIVITY

POSTING DATE	TRANSACTION DESCRIPTION	DEPOSITS & OTHER CREDITS (+)	WITHDRAWALS & OTHER DEBITS (-)	DAILY BALANCE
07/01/2020	BEGINNING BALANCE			\$50,083.05
07/07/2020	WEB XFER FROM CHK 00009868613994	\$25,000.00		75,083.05
07/31/2020	INTEREST PAYMENT	4.21		75,087.26
	ENDING BALANCE			\$75,087.26

INTEREST RATE HISTORY

INTEREST RATE	BEGINNING DATE	ENDING DATE
0.08%	06/30/2020	07/22/2020
0.05%	07/23/2020	07/31/2020

AS OF JULY 1, 2020, FUNDS FROM CHECK DEPOSITS IN EXCESS OF \$5,525 (PREVIOUSLY \$5,000) ON ANY ONE DAY MAY BE DELAYED. PLEASE REFER TO THE AVAILABILITY DISCLOSURE FOR COMMERCIAL DEPOSIT ACCOUNTS ("DISCLOSURE"). ALSO, WHEN DETERMINING THE AVAILABILITY OF YOUR DEPOSIT MADE TO A BRANCH EMPLOYEE, OUR BUSINESS DAY CUTOFF TIME WILL NOW BE THE BRANCH CLOSING TIME ON A BUSINESS DAY THAT WE ARE OPEN. MOBILE BANKING CHECK DEPOSITS HAVE A CUTOFF TIME OF 10:00 PM ET.

HOW TO BALANCE YOUR M&T BANK ACCOUNT

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

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

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

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

TO DETERMINE THE CURRENT BALANCE IN YOUR ACCOUNT:

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

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

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

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

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

\$	
----	--

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

\$	
----	--

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

\$	
----	--

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

\$	
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This amount should be your current account balance.

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

