

URBAN CHOICE CHARTER SCHOOL

REPORT TO THE BOARD OF TRUSTEES

JUNE 30, 2020

September 29, 2020

Board of Trustees
Urban Choice Charter School

We have audited the financial statements of Urban Choice Charter School as of and for the year ended June 30, 2020, and have issued our report thereon dated September 29, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 1, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Urban Choice Charter School solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates

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

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

Financial Statement Disclosures

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

Significant Difficulties Encountered During the Audit

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

Uncorrected and Corrected Misstatements

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

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings or Issues

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

* * * * *

Should you desire further information concerning these matters, Michell Cain or Caitlin Langmead will be happy to meet with you at your convenience.

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

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR & CO. LLP

URBAN CHOICE CHARTER SCHOOL

ROCHESTER, NEW YORK

AUDITED FINANCIAL STATEMENTS

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020

(With Comparative Totals for 2019)

CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
 <u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Urban Choice Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Urban Choice 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 Urban Choice Charter School as of June 30, 2020, and the changes in its net assets, its functional expenses, 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 Urban Choice Charter School's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020 on our consideration of Urban Choice Charter 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 Urban Choice Charter School's internal control over financial reporting and compliance.

Emphasis of Matter with Respect to Change of Accounting Methods

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 29, 2020

URBAN CHOICE CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(With Comparative totals for 2019)

	June 30,	
	2020	2019
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 2,150,201	\$ 1,339,633
Investment in Community Foundation	671,440	696,248
Grants and other receivables	123,319	181,949
Prepaid expenses and other current assets	32,539	-
Security deposit	35,000	-
TOTAL CURRENT ASSETS	3,012,499	2,217,830
<u>PROPERTY AND EQUIPMENT, net</u>	152,466	269,836
<u>OTHER ASSETS</u>		
Security deposit	-	35,000
Designated cash	75,000	75,000
TOTAL ASSETS	<u>\$ 3,239,965</u>	<u>\$ 2,597,666</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current-portion of long term debt	\$ 283,518	\$ -
Accounts payable and accrued expenses	106,390	66,774
Accrued payroll and benefits	111,615	322,435
TOTAL CURRENT LIABILITIES	501,523	389,209
<u>LONG TERM DEBT</u>	449,182	-
TOTAL LIABILITIES	950,705	389,209
<u>NET ASSETS</u>		
Without donor restrictions	2,289,260	2,208,457
TOTAL LIABILITIES AND NET ASSETS	\$ 3,239,965	\$ 2,597,666

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

URBAN CHOICE 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	\$ 5,643,760	\$ 5,543,196
Government grants	527,240	755,631
Private grants	10,200	-
Fundraising	7,616	11,666
Unrealized and realized (loss) gain on investments	(17,759)	19,997
Other income	<u>2,112</u>	<u>3,110</u>
TOTAL OPERATING REVENUE AND SUPPORT	6,173,169	6,333,600
Expenses:		
Program:		
Regular education	3,633,149	3,945,824
Special education	310,014	279,250
Other expenses	773,997	918,213
Management and general	<u>1,375,206</u>	<u>1,013,966</u>
TOTAL EXPENSES	<u>6,092,366</u>	<u>6,157,253</u>
CHANGE IN NET ASSETS	80,803	176,347
Net assets without donor restrictions at beginning of year	<u>2,208,457</u>	<u>2,032,110</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 2,289,260</u>	<u>\$ 2,208,457</u>

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

URBAN CHOICE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(With Comparative totals for 2019)

	No. of Positions	Program Services				Management and General	Total	
		Regular Education	Special Education	Other Expenses	Sub-total		2020	2019
Personnel services costs:								
Administrative staff personnel	7	\$ 31,532	\$ -	\$ -	\$ 31,532	\$ 502,977	\$ 534,509	\$ 575,976
Instructional personnel	59	2,050,726	205,998	285,219	2,541,943	-	2,541,943	2,554,052
Non-instructional personnel	5	98,649	-	99,904	198,553	-	198,553	253,576
Total salaries and wages	71	2,180,907	205,998	385,123	2,772,028	502,977	3,275,005	3,383,604
Fringe benefits and payroll taxes		639,536	60,407	112,935	812,878	147,494	960,372	954,795
Occupancy		235,227	16,802	33,604	285,633	50,407	336,040	325,325
Retirement		79,192	7,480	13,985	100,657	18,264	118,921	138,409
Legal service		-	-	-	-	66,144	66,144	20,191
Accounting/Audit services		-	-	-	-	9,750	9,750	10,750
Other Purchased/Professional/Consulting Services		129,304	9,236	18,472	157,012	468,375	625,387	190,949
Repairs and maintenance		19,369	1,381	2,763	23,513	4,144	27,657	111,876
Insurance		51,784	-	-	51,784	4,852	56,636	48,530
Supplies/Materials		32,941	-	-	32,941	-	32,941	178,988
Equipment/Furnishings		-	-	2,055	2,055	2,119	4,174	8,475
Staff development		5,909	-	-	5,909	-	5,909	20,566
Marketing/Recruitment		-	-	-	-	12,223	12,223	12,439
Technology		48,767	-	-	48,767	-	48,767	51,966
Food service		-	-	187,641	187,641	-	187,641	272,126
Student services		63,535	-	-	63,535	-	63,535	101,648
Office expense		24,748	-	-	24,748	22,327	47,075	50,257
Depreciation		82,159	5,869	11,737	99,765	17,605	117,370	181,823
Utilities		39,771	2,841	5,682	48,294	8,522	56,816	59,618
Other		-	-	-	-	40,003	40,003	34,918
		<u>\$ 3,633,149</u>	<u>\$ 310,014</u>	<u>\$ 773,997</u>	<u>\$ 4,717,160</u>	<u>\$ 1,375,206</u>	<u>\$ 6,092,366</u>	<u>\$ 6,157,253</u>

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

URBAN CHOICE CHARTER SCHOOL

STATEMENT OF CASH FLOWS

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

	Year ended June 30,	
	2020	2019
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 80,803	\$ 176,347
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	117,370	181,823
Unrealized and realized loss (gain) on investments	17,759	(19,997)
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	58,630	(134,803)
Prepaid expenses and other current assets	(32,539)	56,164
Accounts payable and accrued expenses	39,616	8,059
Accrued payroll and benefits	(210,820)	79,912
NET CASH PROVIDED FROM OPERATING ACTIVITIES	70,819	347,505
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	-	(9,452)
Investment in Community Foundation	(6,547)	(10,997)
Proceeds from sale of investment in Community Foundation	13,596	18,045
NET CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES	7,049	(2,404)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on long term debt	732,700	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	732,700	-
NET INCREASE IN CASH AND RESTRICTED CASH	810,568	345,101
Cash and restricted cash at beginning of year	1,414,633	1,069,532
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 2,225,201</u>	<u>\$ 1,414,633</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 2,150,201	\$ 1,339,633
Designated cash	75,000	75,000
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 2,225,201</u>	<u>\$ 1,414,633</u>

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

URBAN CHOICE 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

Urban Choice Charter School (the “Charter School”) is an independent public school established under the provisions of the New York State Charter School Act of 1998, enacted as Article 56 of the Education Law. The Charter School was chartered by the Board of Regents of the New York State Education Department (NYSED) in 2005 and its current charter has been renewed through June 2021.

It is the school’s mission to provide students in Rochester, New York with a safe, supportive, and intellectually engaging educational environment. The central philosophy of the Charter School is that strong student-teacher relationships are essential to student motivation and achievement. The Charter School is designed to strengthen these bonds and assist students in overcoming the demographic challenges of poverty and exceed state achievement standards. The 2019-20 school year represents the Charter School’s fifteenth year of operation. During this academic year, the Charter School provided educational instruction to students in kindergarten through eighth grade.

Financial Statement presentation

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

These classes of net assets are defined as follows:

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

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2020 or 2019.

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.

URBAN CHOICE 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 records revenues both over time and at a point in time as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenues earned over time	\$ 5,686,021	\$ 5,685,801
Revenues earned at a point in time	<u>7,616</u>	<u>11,666</u>
	<u>\$ 5,693,637</u>	<u>\$ 5,697,467</u>

State and local per pupil operating revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the 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.

Fundraising

The Charter School conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event— the exchange component, and a portion represents a contribution to the Charter School. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Charter School. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Charter School, are recorded as fundraising expense in the statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Charter School. Special event fees collected by the Charter School in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Charter School follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

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

	June 30,		
	2020	2019	2018
Grants and other receivables	\$ 47,960	\$ 82,003	\$ 3,491

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 they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no revenue deferred at June 30, 2020 or 2019.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Designated cash

The Charter School maintains designated cash in accordance with the terms of its charter agreement for potential school close-out expenses.

URBAN CHOICE 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

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 is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to twelve years.

Contributed services

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

Tax exempt status

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

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 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 will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs totaled \$12,223 and \$12,439 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.

Reclassifications

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

URBAN CHOICE 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

Adoption of new accounting standards

Revenue from contracts with customers

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

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

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

Contributions received and contributions made

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

Statement of cash flows

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

URBAN CHOICE 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

New accounting pronouncement - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School's financial position or results of operations.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through September 29, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted, except for Notes D and M.

NOTE B: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2020 and 2019:

	June 30,	
	2020	2019
Cash	\$ 2,150,201	\$ 1,339,633
Grants and other receivables	123,319	181,949
Investment in Community Foundation	671,440	696,248
Total financial assets available within one year	2,944,960	2,217,830
Amounts unavailable to management without		
Board approval	(671,440)	(696,248)
Total financial assets available to management for general expenditures within one year	\$ 2,273,520	\$ 1,521,582

The Charter School has a \$200,000 line of credit that they could draw upon in the event of unanticipated liquidity needs. At June 30, 2020 and 2019 there was no outstanding balance on this line.

URBAN CHOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative totals for 2019)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 1,563,507	\$ 1,563,507
Furniture and fixtures	40,738	40,738
Office equipment	167,251	167,251
Computer equipment	<u>370,013</u>	<u>370,013</u>
	2,141,509	2,141,509
Less accumulated depreciation	<u>1,989,043</u>	<u>1,871,673</u>
	<u>\$ 152,466</u>	<u>\$ 269,836</u>

NOTE D: SCHOOL FACILITY

The Charter School leased its facility from a third party from July 16, 2008 through July 15, 2020. Rent expense totaled \$289,335 and \$281,000 for the years ended June 30, 2020 and 2019, respectively. The security deposit relative to this lease of \$35,000 is expected to be refunded during fiscal year 2021.

The Charter School has since entered into a new agreement with a third party for a different facility effective July 2020 and expiring July 2021. Future expected minimum payment for this lease is approximately \$104,000 for the year ended June 30, 2021. Under the conditions defined in the Agreement, the Charter School will lease the building for the duration of the term and plans to move to purchase the building contingent upon the renewal of the Charter School's charter. The Charter School paid a nonrefundable deposit in the amount of \$30,000, which is included in prepaid expenses and other current assets in the accompanying statement of financial position at June 30, 2020, to be credited against the total purchase price of \$3,000,000 in the event that the parties move to closing. In July 2020, the Charter School also paid an additional \$400,000 toward the future purchase of the building.

NOTE E: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE F: CONCENTRATIONS

The Charter School's primary source of funding is obtained from the Rochester City School District and is reported as state and local per pupil operating revenue in the accompanying statement of activities and changes in net assets. This funding is received on a per pupil basis and was approximately 91% and 88% of the Charter School's total revenue and operating support for the years ended June 30, 2020 and 2019, respectively.

URBAN CHOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative totals for 2019)

NOTE G: RETIREMENT PLAN

The Charter School sponsors a tax-sheltered annuity 403(b) retirement savings plan (the Plan) for all employees. Employees are eligible to participate if they are at least 21 years of age and have to be scheduled to work at least 500 hours of service annually. The Charter School will automatically contribute an amount equal to 1% of an employee's annual base salary to the 403(b) plan, regardless of the employee's contribution. The School will also match, dollar for dollar, up to an additional 3% of an employee's annual base salary and for every five (5) years of consecutive service. The Charter School recognized retirement plan expense related to its contributions to the Plan totaling \$118,921 and \$138,409, during the years ended June 30, 2020 and 2019, respectively.

NOTE H: LINE OF CREDIT

The Charter School has an available line of credit of \$200,000 with a bank that is renewable on an annual basis, requiring monthly payments of interest at prime plus .50% (an effective rate of 3.75% at June 30, 2020). There were no borrowings against the line of credit at June 30, 2020 and 2019, respectively.

NOTE I: INVESTMENTS

The Charter School utilizes information received from Rochester Area Community Foundation (RACF) regarding the composition of the investment funds and the value of securities held in the funds. RACF values the securities in the funds based on quoted market prices, when available. RACF also holds partnership interests which are valued based on securities held by each partnership. RACF estimates fair value of these investments based on information received from the investment custodian, including inputs used by the custodian's pricing service (benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications). The appraisals that result from these inputs do not necessarily reflect net results obtainable in the event of actual liquidation.

Fair value, cost and unrealized appreciation of the Charter School's investments are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized appreciation</u>
<u>June 30, 2020</u>			
Funds held by RACF:			
Investment pools	<u>\$ 671,440</u>	<u>\$ 600,000</u>	<u>\$ 71,440</u>
<u>June 30, 2019</u>			
Funds held by RACF:			
Investment pools	<u>\$ 696,248</u>	<u>\$ 600,000</u>	<u>\$ 96,248</u>

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the risks associated with the investment securities and the uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risk could materially affect the Charter School's financial statements.

URBAN CHOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative totals for 2019)

NOTE J: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America (“GAAP”) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The investments by the Charter School at year end are managed by The Rochester Area Community Foundation. This Fund typically maintains approximately 65% of its investments in Level 1 and 35% in Level 2. The allocation of funds between Level 1 and 2 are based upon these percentages. The actual breakdown by Level 1 and 2 is not currently available from the Foundation.

URBAN CHOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative totals for 2019)

NOTE J: FAIR VALUE MEASUREMENTS, Cont'd

	Assets at Fair Value		
	Level 1 (est)	Level 2 (est)	Total
<u>June 30, 2020</u>			
Investments:			
Funds held by RACF, at NAV	\$ 436,436	\$ 235,004	\$ 671,440
<u>June 30, 2019</u>			
Investments:			
Funds held by RACF, at NAV	\$ 452,561	\$ 243,687	\$ 696,248

The Charter School uses the Net Asset Value (NAV) to determine fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their investees' financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The NAV of these funds was \$671,440 and \$696,248 at June 30, 2020 and 2019, respectively, and there were no unfunded commitments. Any redemptions from the fund require a two-thirds vote of the Organization's Board of Trustees.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Charter School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE K: FUNCTIONAL EXPENSES

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

NOTE L: RENEWAL PROCESS

The Charter School is currently in the process of renewing its charter as granted by The New York State Board of Regents. The Charter currently expires June 30, 2021. The renewal process includes review by New York State Department of Education (NYSED) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. Upon review of the renewal application and results, NYSED will determine if the charter should be renewed and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Charter School expects the charter to be renewed.

URBAN CHOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative totals for 2019)

NOTE M: EDUCATIONAL SERVICES AGREEMENT

In July 2020, the Charter School entered into an educational services agreement with the Center for Educational Innovation (CEI) effective through June 30, 2021. CEI is a not-for-profit educational services organization and will provide educational and operational support services to the Charter School. In consideration for these services provided to the Charter School, CEI shall be paid a fee of 10% of state and local per pupil operating revenue and government grants received by the Charter School during the fiscal year. This excludes gross funds from private sources raised through grants or general fundraising, funds from the federal Paycheck Protection Program, federal funds received through the School Lunch Program and any funds provided to the Charter School from the federal CARES Act with certain exceptions.

NOTE N: LONG TERM DEBT

In response to the COVID-19 outbreak, in May 2020 the Organization applied for and was approved by a bank for a loan of \$732,700 through the Paycheck Protection Program established by the Small Business Administration. The loan has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the Charter School. The loan was funded on June 1, 2020.

Estimated annual maturities of long term debt are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	283,518
2022	449,182
	<u>\$ 732,700</u>

NOTE O: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Undesignated	\$ 2,136,794	\$ 1,938,621
Invested in property and equipment	152,466	269,836
	<u>\$ 2,289,260</u>	<u>\$ 2,208,457</u>

URBAN CHOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative totals for 2019)

NOTE P: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

URBAN CHOICE 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
Urban Choice 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 Urban Choice 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 September 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urban Choice 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 Urban Choice Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Urban Choice Charter School's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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 Urban Choice Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 29, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	Urban Choice 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:	Lynn M. McCarthy
School Fiscal Contact Email:	
School Fiscal Contact Phone:	
School Audit Firm Name:	Mengle Metzger Barr & Co. LLP
School Audit Contact Name:	Michelle M. Cain
School Audit Contact Email:	
School Audit Contact Phone:	
Audit Period:	-
Prior Year:	-

The following items are required to be included:

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

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

Item	If not included, state the reason(s) below (if not applicable fill in N/A):
Management Letter	There was no mangement letter.
Management Letter Response	There was no mangement letter, so there is no response.
Form 990	
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

Urban Choice Charter School
Statement of Financial Position
as of June 30

	-	-
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ -	\$ -
Grants and contracts receivable	-	-
Accounts receivables	-	-
Prepaid Expenses	-	-
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	-	-
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ -	\$ -
Restricted Cash	-	-
Security Deposits	-	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	-	-
TOTAL ASSETS	-	-
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ -	\$ -
Accrued payroll, payroll taxes and benefits	-	-
Current Portion of Loan Payable	-	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	-
Other Current Liabilities	-	-
TOTAL CURRENT LIABILITIES	-	-
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ -	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	-	-
<u>NET ASSETS</u>		
Unrestricted	\$ -	\$ -
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	-	-
TOTAL LIABILITIES AND NET ASSETS	-	-

Urban Choice Charter School
Statement of Activities
as of June 30

	-			-
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ -	\$ -	\$ -	\$ -
State and Local Per Pupil Revenue - SPED	-	-	-	-
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	-	-	-	-
State and City Grants	-	-	-	-
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	-	-	-	-
EXPENSES				
Program Services				
Regular Education	\$ -	\$ -	\$ -	\$ -
Special Education	-	-	-	-
Other Programs	-	-	-	-
Total Program Services	-	-	-	-
Management and general	-	-	-	-
Fundraising	-	-	-	-
TOTAL EXPENSES	-	-	-	-
SURPLUS / (DEFICIT) FROM OPERATIONS	-	-	-	-
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	-	-	-	-
NET ASSETS - BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ -	\$ -	\$ -	\$ -

Urban Choice Charter School
Statement of Cash Flows

as of June 30

	-	-
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ -	\$ -
Revenues from School Districts	-	-
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	-	-
Other	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ -	\$ -
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	-	-
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ -	\$ -
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	-	-
Other	-	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ -	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ -	\$ -
Cash at beginning of year	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ -	\$ -

Urban Choice Charter School
Statement of Functional Expenses
as of June 30

		-				-					
		Program Services				Supporting Services					
No. of Positions		Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total	Total		
		\$	\$	\$	\$	\$	\$	\$	\$		
Personnel Services Costs											
Administrative Staff Personnel	-	-	-	-	-	-	-	-	-	-	-
Instructional Personnel	-	-	-	-	-	-	-	-	-	-	-
Non-Instructional Personnel	-	-	-	-	-	-	-	-	-	-	-
Total Salaries and Staff	-	-	-	-	-	-	-	-	-	-	-
Fringe Benefits & Payroll Taxes		-	-	-	-	-	-	-	-	-	-
Retirement		-	-	-	-	-	-	-	-	-	-
Management Company Fees		-	-	-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	-	-	-	-	-
Accounting / Audit Services		-	-	-	-	-	-	-	-	-	-
Other Purchased / Professional / Consulting Services		-	-	-	-	-	-	-	-	-	-
Building and Land Rent / Lease		-	-	-	-	-	-	-	-	-	-
Repairs & Maintenance		-	-	-	-	-	-	-	-	-	-
Insurance		-	-	-	-	-	-	-	-	-	-
Utilities		-	-	-	-	-	-	-	-	-	-
Supplies / Materials		-	-	-	-	-	-	-	-	-	-
Equipment / Furnishings		-	-	-	-	-	-	-	-	-	-
Staff Development		-	-	-	-	-	-	-	-	-	-
Marketing / Recruitment		-	-	-	-	-	-	-	-	-	-
Technology		-	-	-	-	-	-	-	-	-	-
Food Service		-	-	-	-	-	-	-	-	-	-
Student Services		-	-	-	-	-	-	-	-	-	-
Office Expense		-	-	-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-	-	-
OTHER		-	-	-	-	-	-	-	-	-	-
Total Expenses		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Urban Choice Charter School

Contact Name: Lynn McCarthy, CEO

Contact Email: [REDACTED]

Contact Phone: [REDACTED]

Term: July 1, 2020 to June 30, 2021

BUDGET 2020-21 updated 9.22.2020

Total Revenue	6,230,635	6,383,776
Total Expenses	6,096,174	6,062,734
Net Income (Before Cash Flow Adjustments)	134,461	321,042
Actual Student Enrollment	395	395
Total Paid Student Enrollment	-	-

Budgeted	
2019-2020	2020-2021

Note: Please insert additional detail lines as appropriate.

REVENUE

REVENUES FROM STATE SOURCES

	2019-2020	2020-2021		
Per Pupil Revenue:	CY Per Pupil Rate	CY Per Pupil Rate		
Rochester City School District	13,995	13,787	5,374,080	5,349,356
Greece CSD	12,432	11,998	49,728	23,996
West Irondequoit	11,867		11,867	-
Fairport CSD	12,209		24,418	-
East Rochester	14,501		14,501	-
Rush-Henrietta CSD	13,923	13,538	27,846	27,076
Webster	12,695		12,695	-
East Irondequoit		12,848		38,544
TOTAL Per Pupil Revenue (Average Districts Per Pupil Funding)	13,089	13,043	5,515,135	5,438,972
Special Education Revenue			200,000	200,000
Grants				
Other			-	-
TOTAL REVENUE FROM STATE SOURCES			5,715,135	5,638,972

REVENUE FROM FEDERAL FUNDING

IDEA Special Needs	30,000	30,000
Title I, II, IV	280,000	280,000
Title Funding - Other	-	-
School Food Service (Free Lunch)	190,000	190,000
Grants/Other		226,104
TOTAL REVENUE FROM FEDERAL SOURCES	500,000	726,104

LOCAL and OTHER REVENUE

Contributions and Donations	6,200	6,200
Fundraising	7,300	7,500
Erate Reimbursement	-	-
Earnings on Investments	-	-
Interest Income	-	-
Food Service (Income from meals)	-	-
Text Book	-	-
OTHER	2,000	5,000
TOTAL REVENUE FROM LOCAL and OTHER SOURCES	15,500	18,700

TOTAL REVENUE	6,230,635	6,383,776
----------------------	------------------	------------------

EXPENSES		2020-2021		
ADMINISTRATIVE STAFF PERSONNEL COSTS		No. of Positions		
Executive Management	1.00		103,000	103,000
Instructional Management	2.00		168,000	168,000
Deans, Directors & Coordinators	2.00		112,480	139,548
CFO / Director of Finance	-			
Operation /Finance Coordinator	1.00		7,000	70,000
Administrative Staff	2.25		106,851	106,851
TOTAL ADMINISTRATIVE STAFF	8.25		497,331	587,399
INSTRUCTIONAL PERSONNEL COSTS				
Teachers - Regular	18.00		976,900	976,900
Teachers - SPED	4.00		231,573	231,573
Substitute Teachers	1.00		55,324	50,000
Teaching Assistants	10.00		316,169	251,169
Specialty Teachers	8.00		601,342	529,342
Behavioral Specialists	2.00		133,568	133,568
Therapists & Counselors	2.00		119,730	119,730
Other	2.00		82,527	116,441
TOTAL INSTRUCTIONAL	47.00		2,517,133	2,408,723
NON-INSTRUCTIONAL PERSONNEL COSTS				
Nurse	-		-	-
Librarian	-		55,029	
Custodian	2.00		100,598	100,598
Security	-		-	-
Other	2.25		198,368	86,291
TOTAL NON-INSTRUCTIONAL	4.25		353,995	186,889
SUBTOTAL PERSONNEL SERVICE COSTS		59.50	3,368,459	3,183,011
PAYROLL TAXES AND BENEFITS				
Payroll Taxes			301,140	284,561
Fringe / Employee Benefits			700,000	700,000
Retirement / Pension			112,000	112,000
TOTAL PAYROLL TAXES AND BENEFITS			1,113,140	1,096,561
TOTAL PERSONNEL SERVICE COSTS		59.50	4,481,599	4,279,572
CONTRACTED SERVICES				
Accounting / Audit			15,000	15,000
Legal			30,000	20,000
Management Company Fee				594,897
Nurse Services			-	-
Food Service / School Lunch				
Payroll Services			17,000	17,340
Special Ed Services			-	-
Titlement Services (i.e. Title I)			-	-
Other Purchased / Professional / Consulting			424,800	74,600
TOTAL CONTRACTED SERVICES			486,800	721,837
SCHOOL OPERATIONS				
Board Expenses			1,500	1,500
Classroom / Teaching Supplies & Materials			22,000	20,000
Special Ed Supplies & Materials			-	-
Textbooks / Workbooks			9,010	5,000
Supplies & Materials other			50,000	50,000
Equipment / Furniture			1,530	1,500
Telephone, Internet, Cable			20,000	16,000
Technology			48,000	48,000
Student Testing & Assessment			7,700	8,000
Field Trips			6,000	13,000
Transportation (student)			2,000	2,000
Student Services - other			38,600	60,000
Office Expense			20,000	25,000
Staff Development			5,800	14,625
Staff Recruitment			1,050	-
Student Recruitment / Marketing			17,350	17,697
School Meals / Lunch			190,000	180,500
Travel (Staff)			6,000	5,000
Fundraising			3,850	3,850
Other			4,000	101,000
TOTAL SCHOOL OPERATIONS			454,390	572,672

ENROLLMENT		
Rochester City School District	384	388
Greece CSD	4	2
West Irondequoit	1	-
Fairport CSD	2	-
East Rochester	1	-
Rush-Henrietta CSD	2	2
Webster	1	-
East Irondequoit		3
TOTAL ENROLLMENT	395	395
REVENUE PER PUPIL	15,774	16,161
EXPENSES PER PUPIL	15,433	15,349

100



THE COMMUNITY FOUNDATION

Urban Choice Charter School Fund

Fund Activity Statement April 01, 2020 through September 30, 2020

Endowment Account	Second Quarter	Year To Date
	<u>Jul - Sep 20</u>	<u>Apr - Sep 20</u>
Beginning Balance	\$ 666,858.27	\$ 583,849.51
Charitable Contributions *	1,083.50	1,083.50
Non-Charitable Contributions	0.00	0.00
Gain/(Loss) on Gift Transactions	0.00	0.00
Net Investment Return	37,879.54	122,472.24
Distributions to Grantmaking Account	0.00	0.00
Administrative Fee	(1,661.64)	(3,245.58)
Other Activity *	0.00	0.00
Ending Balance	\$ 704,159.67	\$ 704,159.67

Grantmaking Account	Second Quarter	Year To Date
	<u>Jul - Sep 20</u>	<u>Apr - Sep 20</u>
Beginning Balance	\$ 0.00	\$ 0.00
Charitable Contributions *	0.00	0.00
Non-Charitable Contributions	0.00	0.00
Returned Grants	0.00	0.00
Gain/(Loss) on Gift Transactions	0.00	0.00
Distributions from Endowment	0.00	0.00
Grants *	0.00	0.00
Other Activity *	0.00	0.00
Ending Balance	\$ 0.00	\$ 0.00

**Transaction detail attached*

Review Community Foundation investment results anytime at www.racf.org/Financials.

Contributions to the Urban Choice Charter School Fund

07/28/2020	Urban Choice Charter School Dissolution Fund - Fund of RACF	1,083.50
<u>Total Contributions:</u>		<u>\$1,083.50</u>

If you see the "#" sign, the donor has requested that their name(s) NOT be listed in any publication.



THE COMMUNITY FOUNDATION

Urban Choice Charter School Dissolution Fund

Fund Activity Statement April 01, 2020 through September 30, 2020

Endowment Account	Second Quarter	Year To Date
	<u>Jul - Sep 20</u>	<u>Apr - Sep 20</u>
Beginning Balance	\$ 80,156.44	\$ 71,105.42
Charitable Contributions *	0.00	0.00
Non-Charitable Contributions	0.00	0.00
Gain/(Loss) on Gift Transactions	0.00	0.00
Net Investment Return	4,615.16	14,912.12
Distributions to Grantmaking Account	(1,085.42)	(2,168.92)
Administrative Fee	(169.54)	(331.98)
Other Activity *	0.00	0.00
Ending Balance	\$ 83,516.64	\$ 83,516.64

Grantmaking Account	Second Quarter	Year To Date
	<u>Jul - Sep 20</u>	<u>Apr - Sep 20</u>
Beginning Balance	\$ 1,083.50	\$ 0.00
Charitable Contributions *	0.00	0.00
Non-Charitable Contributions	0.00	0.00
Returned Grants	0.00	0.00
Gain/(Loss) on Gift Transactions	0.00	0.00
Distributions from Endowment	1,085.42	2,168.92
Grants *	(1,083.50)	(1,083.50)
Other Activity *	0.00	0.00
Ending Balance	\$ 1,085.42	\$ 1,085.42

**Transaction detail attached*

Review Community Foundation investment results anytime at www.racf.org/Financials.

Grants from the Urban Choice Charter School Dissolution Fund

07/28/2020 Urban Choice Charter School Fund - Fund of RACF

(1,083.50)

Total Grants:

\$(1,083.50)

If you see the "#" sign, the donor has requested that their name(s) NOT be listed in any publication.