

October 29, 2020

The Board of Trustees and Management
West Buffalo Charter School

In planning and performing our audit of the financial statements of West Buffalo 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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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

Lumsden & McCormick, LLP

WEST BUFFALO CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
West Buffalo Charter School

We have audited the accompanying balance sheets of West Buffalo 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 a financial audit 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

WEST BUFFALO CHARTER SCHOOL

Balance Sheets

June 30,	2020	2019
Assets		
Current assets:		
Cash	\$ 1,731,632	\$ 603,117
Receivables (Note 2)	553,838	193,793
Prepaid expenses	-	36,730
	<u>2,285,470</u>	<u>833,640</u>
Property and equipment, net (Note 3)	12,688,358	12,979,181
Other assets	4,745	4,745
	<u>\$ 14,978,573</u>	<u>\$ 13,817,566</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt (Note 5)	\$ 408,630	\$ 351,273
Accounts payable and accrued expenses	893,712	762,856
Refundable advances	-	104,467
	<u>1,302,342</u>	<u>1,218,596</u>
Long-term debt (Note 5)	8,622,076	9,030,706
Interest rate swap (Note 5)	1,050,147	425,392
Paycheck Protection Program loan (Note 6)	750,100	-
	<u>11,724,665</u>	<u>10,674,694</u>
Net assets:		
Without donor restrictions	3,203,908	3,142,872
With donor restrictions	50,000	-
	<u>3,253,908</u>	<u>3,142,872</u>
	<u>\$ 14,978,573</u>	<u>\$ 13,817,566</u>

See accompanying notes.

WEST BUFFALO 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:		
Revenue-resident student enrollment	\$ 6,793,143	\$ 5,949,327
Revenue-students with disabilities	370,873	277,363
Revenue-additional state aid	-	122,278
Contributions:		
Federal awards	287,884	260,727
State and other awards	162,909	159,056
Other income	90,616	91,516
Total support and revenue	7,705,425	6,860,267
Expenses:		
Program expenses:		
Regular education	2,752,810	2,453,843
Special education	1,309,572	1,018,268
Other programs	1,641,569	1,458,591
Total program expenses	5,703,951	4,930,702
Supporting services:		
Management and general	1,315,683	1,249,632
Total expenses	7,019,634	6,180,334
Other changes:		
Loss on interest rate swap	(624,755)	(559,661)
Change in net assets without donor restrictions	61,036	120,272
Changes in net assets with donor restrictions:		
Contributions - state and other awards	50,000	-
Changes in net assets	111,036	120,272
Net assets - beginning	3,142,872	3,022,600
Net assets - ending	\$ 3,253,908	\$ 3,142,872

See accompanying notes.

WEST BUFFALO CHARTER SCHOOL

Statement of Functional Expenses

For the year ended June 30, 20

	Number of positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	8.0	\$ 32,445	\$ 32,445	\$ 32,445	\$ 551,560	\$ 648,895
Instructional personnel	71.0	1,307,748	523,099	784,649	-	2,615,496
Non-instructional personnel	9.0	29,970	11,988	17,982	245,230	305,170
Total salaries	88.0	1,370,163	567,532	835,076	796,790	3,569,561
Salaries		1,370,163	567,532	835,076	796,790	3,569,561
Employee benefits and payroll taxes		319,592	132,377	194,782	185,852	832,603
Retirement		89,262	36,973	54,403	51,909	232,547
Professional fees		-	-	-	113,627	113,627
Contracted services-education		183,483	73,393	110,090	-	366,966
Special education aid charge		-	167,100	-	-	167,100
Maintenance and repairs		44,836	17,934	26,901	6,749	96,420
Insurance		22,791	9,116	13,674	3,430	49,011
Utilities		28,209	11,284	16,925	4,246	60,664
Supplies and materials		98,376	39,350	39,350	19,675	196,751
Equipment and furnishings		12,807	5,123	5,123	2,561	25,614
Staff development		35,719	14,288	14,288	7,144	71,439
Recruitment		20,667	8,267	8,267	4,133	41,334
Technology		30,952	30,954	30,954	30,954	123,814
Student services		7,359	2,943	4,415	-	14,717
Office expense		16,670	4,168	4,168	17,570	42,576
Interest		270,615	108,246	162,368	40,738	581,967
		2,551,501	1,229,048	1,520,784	1,285,378	6,586,711
Depreciation		201,309	80,524	120,785	30,305	432,923
Total		\$ 2,752,810	\$ 1,309,572	\$ 1,641,569	\$ 1,315,683	\$ 7,019,634

WEST BUFFALO CHARTER SCHOOL

Statement of Functional Expenses

For the year ended June 30, 2019

	Number of positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	7.0	\$ 28,278	\$ 28,277	\$ 28,277	\$ 480,707	\$ 565,539
Instructional personnel	63.0	1,133,841	453,536	680,304	-	2,267,681
Non-instructional personnel	9.0	25,802	10,321	15,481	234,782	286,386
Total salaries	79.0	1,187,921	492,134	724,062	715,489	3,119,606
Salaries		1,187,921	492,134	724,062	715,489	3,119,606
Employee benefits and payroll taxes		248,621	102,999	151,540	149,746	652,906
Retirement		102,936	42,644	62,741	61,999	270,320
Professional fees		-	-	-	99,948	99,948
Contracted services-education		141,700	56,680	85,019	-	283,399
Maintenance and repairs		46,660	18,664	27,996	7,024	100,344
Insurance		20,276	8,110	12,165	3,052	43,603
Utilities		27,033	10,813	16,219	4,069	58,134
Supplies and materials		121,418	48,567	48,567	24,283	242,835
Equipment and furnishings		17,717	7,087	7,087	3,543	35,434
Staff development		33,782	13,513	13,513	6,755	67,563
Recruitment		-	-	-	65,028	65,028
Technology		28,191	28,192	28,192	28,192	112,767
Student services		24,751	9,900	14,851	-	49,502
Office expense		14,463	3,616	3,616	14,512	36,207
Interest		279,689	111,875	167,813	42,104	601,481
		2,295,158	954,794	1,363,381	1,225,744	5,839,077
Depreciation		158,685	63,474	95,210	23,888	341,257
Total		\$ 2,453,843	\$ 1,018,268	\$ 1,458,591	\$ 1,249,632	\$ 6,180,334

WEST BUFFALO CHARTER SCHOOL

Statements of Cash Flows

For the years ended June 30,	2020	2019
Operating activities:		
Cash received from enrollment fees	\$ 6,916,171	\$ 6,371,105
Cash received from federal, state and other awards	292,697	569,838
Cash received from other sources	82,045	82,875
Payments to employees for services and benefits	(4,443,426)	(4,048,069)
Payments to vendors and suppliers	(1,379,810)	(1,368,321)
Interest paid	(595,889)	(598,047)
Net operating activities	871,788	1,009,381
Investing activities:		
Property and equipment expenditures	(142,100)	(1,597,792)
Financing activities:		
Net payments on short-term borrowings	-	(500,000)
Proceeds from long-term debt	-	1,277,408
Paycheck Protection Program loan	750,100	-
Payments on long-term debt	(351,273)	-
Net financing activities	398,827	777,408
Net change in cash	1,128,515	188,997
Cash - beginning	603,117	414,120
Cash - ending	\$ 1,731,632	\$ 603,117

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization and Purpose:

West Buffalo Charter School (the School) was established in 2010 to operate a charter school in the City of Buffalo, New York (the City) pursuant to its Charter Agreement with the New York State Education Department. The School opened in August 2012 and is chartered through 2024. The School offers classes from kindergarten through grade 8.

The School's goal is to assist each student reach his or her fullest potential through daily instruction which contains a blend of speech, language skills, and intensive literacy instruction.

Pursuant to the School's charter, Buffalo Hearing and Speech Center and Canisius College are institutional partners of the School, with representatives from each organization serving on the School's Board of Trustees.

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 Standards Updates (ASU).

ASU 2014-09, *Revenue from Contracts with Customers*, requires a school 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.

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.

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

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 \$100,000 (\$75,000 at June 30, 2019) in an escrow account to pay for legal and audit expenses that would be associated with dissolution should it occur.

Property and Equipment:

Property and equipment is stated at cost net of accumulated depreciation. Depreciation is provided using the straight-line method over estimated useful asset lives. 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 district in which the student resides. The amount received each year from the resident district is 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 and was paid directly from the New York State Education Department. No additional state aid was received for the year ended June 30, 2020.

In 2019, an audit by the Office of the New York State Comptroller determined the District had provided incorrect special education rates for over a decade. In February 2020, the District informed the School of its intent to charge approximately \$167,000 for the overpayment of which approximately \$83,500 was settled through June 30, 2020. The remaining amount of approximately \$83,500, has been recorded in accounts payable and accrued expenses as of June 30, 2020 in the accompanying balance sheet.

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 statements 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 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.

Net assets with donor restrictions are available to support educational initiatives administered by the School.

Receivables:

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

Transportation:

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

Income Taxes:

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

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.

Use of Estimates:

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

Functional Expense Allocation:

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

2. Receivables:

	2020	2019
Enrollment fees	\$ 297,552	\$ 49,707
Contributions	230,308	126,679
Other	25,978	17,407
	<u>\$ 553,838</u>	<u>\$ 193,793</u>

3. Property and Equipment:

	2020	2019
Land	\$ 408,880	\$ 408,880
Building and improvements	13,147,737	13,084,828
Furniture and equipment	913,704	834,513
	<u>14,470,321</u>	<u>14,328,221</u>
Less accumulated depreciation	1,781,963	1,349,040
	<u>\$ 12,688,358</u>	<u>\$ 12,979,181</u>

4. Short-Term Borrowings:

The School has available a \$500,000 bank revolving line of credit demand loan (the Loan) for working capital financing with interest payable at LIBOR Advantage Rate plus 2.50%, secured by certain assets. There were no amounts outstanding at June 30, 2020 and 2019.

5. Long-Term Debt:

	2020	2019
Bank loan, monthly principal payments ranging from \$32,657 to \$52,365, due June 2027 with balloon payment of \$5,571,000, secured by essentially all assets. Interest on the loan is fixed at 6.25% based on terms of an interest rate swap agreement.	\$ 9,167,614	\$ 9,536,000
Less unamortized debt issuance costs	136,908	154,021
	9,030,706	9,381,979
Less current portion	408,630	351,273
	\$ 8,622,076	\$ 9,030,706

Debt issuance costs are amortized over the term of the related long-term debt and recorded as interest expense.

Aggregate maturities of net long-term debt subsequent to June 30, 2020 are:

2021	\$ 408,630
2022	435,052
2023	463,130
2024	492,969
2025	524,681
Thereafter	6,706,244
	\$ 9,030,706

The bank loan includes restrictive covenants relative to debt service coverage and minimum liquidity requirements.

The School entered into an interest rate swap agreement to eliminate the risks associated with the variability of future earnings and cash flows caused by movements in debt interest rates. The interest rate swap is recorded at fair value on the accompanying balance sheets.

The School is exposed to credit loss in the event of nonperformance by the other party to the interest rate swap agreement; however, the School does not anticipate nonperformance by the counterparty.

6. Paycheck Protection Program Loan:

During 2020, the School received a loan totaling \$750,100 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 as described in Note 10. 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. Retirement Plan:

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 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 required contributions for the years ended June 30, 2020 and 2019 were \$232,547 and \$270,320.

8. Fair Value Measurements:

Liabilities measured at fair value on a recurring basis comprise the following at June 30:

Description	2020	2019
Interest rate swap liability	\$ (1,050,147)	\$ (425,392)

Fair value was determined as follows:

	Based on		
	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
2020 Interest rate swap	\$ -	\$ (1,050,147)	\$ -
2019 Interest rate swap	\$ -	\$ (425,392)	\$ -

The fair value of the interest rate swap was obtained from a financial institution based on exit prices for similar arrangements.

9. Financial Assets Available for Operations:

The School obtains financial assets generally through enrollment fees and grants. The financial assets are acquired throughout the year to help meet the School’s cash needs for general expenditures. If necessary, the School also has access to a \$500,000 bank revolving line of credit demand loan (Note 4).

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

	2020	2019
Cash	\$ 1,631,632	\$ 528,117
Receivables	553,838	193,793
	\$ 2,185,470	\$ 721,910

10. Risks and Uncertainties due to COVID-19:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and 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 a hybrid in-person and remote instruction model 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
West Buffalo 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 West Buffalo 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

October 29, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	West Buffalo Charter School
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	Buffalo City School District
If located in NYC DOE select CSD:	-
School Fiscal Contact Name:	Elizabeth J. Sterns
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Lumsden McCormick
School Audit Contact Name:	Sarah Hopkins
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	Included (no material deficiencies noted, nothing negative noted)
Management Letter Response	No required per above, nothing noted
Form 990	Extended
Federal Single Audit (A-133)	the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000;
Corrective Action Plan	No deficiencies were noted thus no corrective plan was warranted

West Buffalo Charter School
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,731,632	\$ 603,117
Grants and contracts receivable	230,308	126,679
Accounts receivables	323,530	67,114
Prepaid Expenses	-	36,730
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>2,285,470</u>	<u>833,640</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 12,688,358	\$ 12,979,181
Restricted Cash	-	-
Security Deposits	4,745	4,745
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>12,693,103</u>	<u>12,983,926</u>
TOTAL ASSETS	<u>14,978,573</u>	<u>13,817,566</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 893,712	\$ 762,856
Accrued payroll, payroll taxes and benefits	-	-
Current Portion of Loan Payable	408,630	351,273
Due to Related Parties	-	-
Refundable Advances	-	104,467
Deferred Revenue	-	-
Other Current Liabilities	-	-
TOTAL CURRENT LIABILITIES	<u>1,302,342</u>	<u>1,218,596</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 8,622,076	\$ 9,030,706
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	1,800,247	425,392
TOTAL LONG-TERM LIABILITIES	<u>10,422,323</u>	<u>9,456,098</u>
TOTAL LIABILITIES	<u>11,724,665</u>	<u>10,674,694</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 3,203,908	\$ 3,142,872
Temporarily restricted	50,000	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>3,253,908</u>	<u>3,142,872</u>
TOTAL LIABILITIES AND NET ASSETS	<u>14,978,573</u>	<u>13,817,566</u>

West Buffalo Charter School
Statement of Activities
as of June 30

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 6,793,143	\$ -	\$ 6,793,143	\$ 5,949,327
State and Local Per Pupil Revenue - SPED	370,873	-	370,873	277,363
State and Local Per Pupil Facilities Revenue	-	-	-	122,278
Federal Grants	287,884	-	287,884	260,727
State and City Grants	162,909	-	162,909	159,056
Other Operating Income	90,616	-	90,616	91,516
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	7,705,425	-	7,705,425	6,860,267
EXPENSES				
Program Services				
Regular Education	\$ 2,752,810	\$ -	\$ 2,752,810	\$ 2,453,843
Special Education	1,309,572	-	1,309,572	1,018,268
Other Programs	1,641,569	-	1,641,569	1,458,591
Total Program Services	5,703,951	-	5,703,951	4,930,702
Management and general	1,315,683	-	1,315,683	1,249,632
Fundraising	-	-	-	-
TOTAL EXPENSES	7,019,634	-	7,019,634	6,180,334
SURPLUS / (DEFICIT) FROM OPERATIONS	685,791	-	685,791	679,933
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ -	\$ -	\$ -	\$ -
Contributions and Grants	50,000	-	50,000	-
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	(624,755)	-	(624,755)	(559,661)
TOTAL SUPPORT AND OTHER REVENUE	(574,755)	-	(574,755)	(559,661)
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	111,036	-	111,036	120,272
NET ASSETS - BEGINNING OF YEAR	\$ 3,142,872	\$ -	\$ 3,142,872	\$ 3,022,600
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 3,253,908	\$ -	\$ 3,253,908	\$ 3,142,872

**West Buffalo Charter School
Statement of Cash Flows**

as of June 30

	2020	2019
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 822,722	\$ 120,271
Revenues from School Districts		
Accounts Receivable	(486,725)	5,879
Due from School Districts	-	-
Depreciation	-	-
Grants Receivable	126,679	87,088
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	36,730	(36,731)
Accounts Payable	(88,380)	(1,526,102)
Accrued Expenses	-	-
Accrued Liabilities	191,285	(5,238)
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	(54,467)	62,967
Interest payments	-	-
Other	57,357	134,269
Other	-	293,778
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 605,202	\$ (863,818)
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	(142,099)	136,879
Other	341,255	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ 199,156	\$ 136,879
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	(425,743)	909,022
Other	750,100	(705)
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 324,357	\$ 908,317
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,128,715	\$ 181,378
Cash at beginning of year	603,116	421,738
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,731,831	\$ 603,116

**West Buffalo Charter School
Statement of Functional Expenses
as of June 30**

		2020							2019	
		Program Services				Supporting Services				
No. of Positions		Regular	Special	Other Education	Total	Fundraising	Management and	Total	Total	
		Education	Education				General			
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Personnel Services Costs										
Administrative Staff Personnel	8.00	32,445	32,445	32,445	97,335	-	551,560	551,560	648,895	565,539
Instructional Personnel	71.00	1,307,748	523,099	784,649	2,615,496	-	-	-	2,615,496	2,267,681
Non-Instructional Personnel	9.00	29,970	11,988	17,982	59,940	-	245,230	245,230	305,170	286,386
Total Salaries and Staff	88.00	1,370,163	567,532	835,076	2,772,771	-	796,790	796,790	3,569,561	3,119,606
Fringe Benefits & Payroll Taxes		319,592	132,377	194,782	646,751	-	185,852	185,852	832,603	652,906
Retirement		89,262	36,973	54,403	180,638	-	51,909	51,909	232,547	270,320
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	8,313	8,313	8,313	7,500
Accounting / Audit Services		-	-	-	-	-	16,500	16,500	16,500	15,000
Other Purchased / Professional / Consulting Services		183,483	240,493	110,090	534,066	-	88,814	88,814	622,880	77,448
Building and Land Rent / Lease		270,615	108,246	162,368	541,229	-	40,738	40,738	581,967	601,481
Repairs & Maintenance		44,836	17,934	26,901	89,671	-	6,749	6,749	96,420	100,344
Insurance		22,791	9,116	13,674	45,581	-	3,430	3,430	49,011	43,603
Utilities		28,209	11,284	16,925	56,418	-	4,246	4,246	60,664	58,134
Supplies / Materials		98,376	39,350	39,350	177,076	-	19,675	19,675	196,751	242,835
Equipment / Furnishings		12,807	5,123	5,123	23,053	-	2,561	2,561	25,614	35,434
Staff Development		35,719	14,288	14,288	64,295	-	7,144	7,144	71,439	67,563
Marketing / Recruitment		20,667	8,267	8,267	37,201	-	4,133	4,133	41,334	65,028
Technology		30,952	30,954	30,954	92,860	-	-	-	92,860	112,767
Food Service		-	-	-	-	-	-	-	-	-
Student Services		7,359	2,943	4,415	14,717	-	30,954	30,954	45,671	49,502
Office Expense		16,670	4,168	4,168	25,006	-	17,570	17,570	42,576	36,207
Depreciation		201,309	80,524	120,785	402,618	-	30,305	30,305	432,923	341,257
OTHER		-	-	-	-	-	-	-	-	-
Total Expenses		\$ 2,752,810	\$ 1,309,572	\$ 1,641,569	\$ 5,703,951	\$ -	\$ 1,315,683	\$ 1,315,683	\$ 7,019,634	\$ 5,896,935

New York State Education Department

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

2020-21 Budget & Cash Flow Template

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

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

West Buffalo Charter School

PROJECTED BUDGET FOR 2020-2021

July 1, 2020 to June 30, 2021

Assumptions

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	7,153,444	269,000	-	-	-	7,422,444
Total Expenses	1,605,188	1,880,219	1,880,219	-	1,391,379	6,757,005
Net Income	5,548,256	(1,611,219)	(1,880,219)	-	(1,391,379)	665,439
Actual Student Enrollment	433	65				
Total Paid Student Enrollment	-	-				

PROGRAM SERVICES SUPPORT SERVICES

REGULAR EDUCATION SPECIAL EDUCATION OTHER FUNDRAISING MANAGEMENT & GENERAL TOTAL

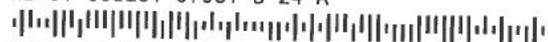
Aides	12.00	119,367	119,367	119,367	-	-	358,100
Therapists & Counselors	1.00	14,746	14,746	14,746	-	-	44,239
Other	7.00	-	-	260,031	-	-	260,031
TOTAL INSTRUCTIONAL	61	618,768	878,799	878,799	-	-	2,376,367
NON-INSTRUCTIONAL PERSONNEL COSTS							
Nurse	1.00	18,522	18,522	18,522	-	-	55,565
Librarian	-	-	-	-	-	-	-
Custodian	8.00	66,950	66,950	66,950	-	64,351	265,201
Security	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL NON-INSTRUCTIONAL	9	85,472	85,472	85,472	-	64,351	320,766
SUBTOTAL PERSONNEL SERVICE COSTS	80	818,994	1,079,025	1,079,025	-	490,452	3,467,495
PAYROLL TAXES AND BENEFITS							
Payroll Taxes		76,218	76,218	76,218	-	76,218	304,873
Fringe / Employee Benefits		119,966	119,966	119,966	-	119,966	479,865
Retirement / Pension		60,131	60,131	60,131	-	60,131	240,524
TOTAL PAYROLL TAXES AND BENEFITS		256,316	256,316	256,316	-	256,316	1,025,262
TOTAL PERSONNEL SERVICE COSTS		1,075,309	1,335,340	1,335,340	-	746,768	4,492,757
CONTRACTED SERVICES							
Accounting / Audit		-	-	-	-	18,000	18,000
Legal		-	-	-	-	10,000	10,000
Management Company Fee		-	-	-	-	-	-
Nurse Services		-	-	-	-	-	-
Food Service / School Lunch		-	-	-	-	-	-
Payroll Services		-	-	-	-	25,000	25,000
Special Ed Services		21,000	21,000	21,000	-	-	63,000
Titlement Services (i.e. Title I)		-	-	-	-	-	-
Other Purchased / Professional / Consulting		177,933	177,933	177,933	-	177,933	711,733
TOTAL CONTRACTED SERVICES		198,933	198,933	198,933	-	230,933	827,733
SCHOOL OPERATIONS							
Board Expenses		-	-	-	-	-	-
Classroom / Teaching Supplies & Materials		8,333	8,333	8,333	-	-	25,000
Special Ed Supplies & Materials		-	-	-	-	-	-
Textbooks / Workbooks		16,667	16,667	16,667	-	-	50,000
Supplies & Materials other		16,667	16,667	16,667	-	-	50,000
Equipment / Furniture		-	-	-	-	-	-
Telephone		6750	6750	6750	0	6750	27,000
Technology		4000	4000	4000	0	4000	16,000
Student Testing & Assessment		3000	3000	3000	-	-	9,000
Field Trips		1,667	1,667	1,667	-	-	5,000
Transportation (student)		-	-	-	-	-	-
Student Services - other		-	-	-	-	-	-
Office Expense		17,750	17,750	17,750	-	17,750	71,000
Staff Development		-	-	-	-	-	-
Staff Recruitment		-	-	-	-	-	-
Student Recruitment / Marketing		-	-	-	-	32,000	32,000
School Meals / Lunch		-	-	-	-	-	-
Travel (Staff)		-	-	-	-	5,000	5,000
Fundraising		-	-	-	-	-	-
Other		2,375	2,375	2,375	-	19,441	26,566
TOTAL SCHOOL OPERATIONS		77,208	77,208	77,208	-	84,941	316,566

66,445
70,406
57,050
59,655

253,556


 Beginning June 01, 2020
 through June 30, 2020

MB 01 008261 07031 B 24 A


 WEST BUFFALO CHARTER SCHOOL
 SAVINGS
 113 LAFAYETTE AVE
 BUFFALO NY 14213-1349

Business Money Market

US002

SUMMARY
Balance Calculation
Balance

Previous Balance	1,075,300.79	<i>Average Daily Balance</i>	1,075,300.79
Checks	.00 -	Interest	
Debits	.00 -	<i>Current Interest Rate</i>	.05%
Deposits & Credits	.00 +	<i>Annual Percentage Yield Earned</i>	.05%
Interest Paid	44.07 +	<i>Number of Days Interest Earned</i>	30
Current Balance	1,075,344.86 =	<i>Interest Earned</i>	44.07
		<i>Interest Paid this Year</i>	127.52

 WEST BUFFALO CHARTER SCHOOL
 SAVINGS
Business Money Market
 XXXXXX019-2

You can waive the monthly maintenance fee of \$9.99 by maintaining a minimum daily balance in your account of \$2,500.

Your minimum daily balance used to qualify this statement period is: \$1,075,300

Your next statement period will end on July 31, 2020.

Previous Balance

1,075,300.79

TRANSACTION DETAILS
Interest

Date	Amount	Description
06/30	44.07	Interest

 + **Total Interest Paid**
 44.07

 = **Current Balance**
 1,075,344.86

Daily Balance

Date	Balance	Date	Balance
06/30	1,075,344.86		

