GREEN TECH HIGH
CHARTER SCHOOL

INTEGRITY INITIATIVE INTELLECT

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Green Tech High Charter School
Albany, New York

Report on Financial Statements

We have audited the accompanying financial statements of Green Tech High Charter School (a nonprofit organization) (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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.

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 Green Tech High Charter School as of June 30, 2020 and 2019, and the changes in its net assets and its 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 Green Tech High Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 29, 2020

ASSETS

	2020	2019
Current Assets		
Cash - Operations	$ 1,091,128	$ 672,944
Cash - Restricted	-	40,000
Grants, Contracts and Other Receivables, Net	200,133	182,607
Pledges Receivable	60,000	60,000
Prepaid Expense	38,683	8,684
Total Current Assets	1,389,944	964,235
Property and Equipment, Net	640,745	504,049
Other Assets		
Cash - Board Designated	76,786	76,388
Total Assets	$ 2,107,475	$ 1,544,672

LIABILITIES AND NET ASSETS

	2020	2019
Current Liabilities		
Current Portion of Long-Term Debt	$ 347,543	$ 191,248
Accounts Payable and Accrued Expenses	-	7,219
Accrued Payroll and Benefits	365,130	291,355
Compensated Absences	40,081	28,990
Refundable Advances	670,900	-
Total Current Liabilities	1,423,654	518,812
Long-Term Liabilities		
Long-Term Debt, Net of Current Portion	9,085	380,984
Total Liabilities	1,432,739	899,796
Net Assets		
Without Donor Restrictions:		
Undesignated	537,950	468,488
Board Designated	76,786	76,388
Subtotal	614,736	544,876
With Donor Restrictions:		
Purpose Restricted	60,000	100,000
Total Net Assets	674,736	644,876
Total Liabilities and Net Assets	$ 2,107,475	$ 1,544,672

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Public School District			
Resident Student Enrollment	$ 5,251,766	$ -	$ 5,251,766
Students with Disabilities	98,862	-	98,862
Grants and Contracts		-	
Federal Grants	183,095	-	183,095
Food Service/Children Nutrition Program	159,399	-	159,399
Total Revenue	5,693,122	-	5,693,122
Expenses			
Program Services			
Regular Education	3,388,872	-	3,388,872
Special Education	386,835	-	386,835
Other Programs	193,802	-	193,802
Total Program Services	3,969,509	-	3,969,509
Management and General	1,851,055	-	1,851,055
Total Operating Expenses	5,820,564	-	5,820,564
Loss from School Operations	(127,442)	-	(127,442)
Other Revenue and Reclassifications			
Contributions	95,271	-	95,271
Interest Income	3,699	-	3,699
E-Rate Income	20,555	-	20,555
Fundraising	1,053	-	1,053
Miscellaneous Income	36,724	-	36,724
Net Assets Released from Restrictions	40,000	(40,000)	-
Total Other Revenue	197,302	(40,000)	157,302
Increase (Decrease) in Net Assets	69,860	(40,000)	29,860
Net Assets, Beginning of Year	544,876	100,000	644,876
Net Assets, End of Year	$ 614,736	$ 60,000	$ 674,736

GREEN TECH HIGH CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Public School District			
Resident Student Enrollment	$ 4,784,417	$ -	$ 4,784,417
Students with Disabilities	53,664	-	53,664
Grants and Contracts		-	
Federal Grants	153,109		153,109
State and Local Grants	92,116	-	92,116
Food Service/Children Nutrition Program	168,586	-	168,586
Total Revenue	5,251,892	-	5,251,892
Expenses			
Program Services			
Regular Education	3,434,129	-	3,434,129
Special Education	314,242	-	314,242
Other Programs	177,461	-	177,461
Total Program Services	3,925,832	-	3,925,832
Management and General	1,119,109	-	1,119,109
Total Operating Expenses	5,044,941	-	5,044,941
Surplus from School Operations	206,951	-	206,951
Other Revenue and Reclassifications			
Contributions	39,441	100,000	139,441
Interest Income	4,651	-	4,651
E-Rate Income	11,619	-	11,619
Miscellaneous Income	53,595	-	53,595
Net Assets Released from Restrictions	80,000	(80,000)	-
Total Other Revenue	189,306	20,000	209,306
Increase in Net Assets	396,257	20,000	416,257
Net Assets, Beginning of Year, Restated	148,619	80,000	228,619
Net Assets, End of Year	$ 544,876	$ 100,000	$ 644,876

	2020	2019
Cash Flows Provided by Operating Activities:		
Increase in Net Assets	$ 29,860	$ 416,257
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities:		
Depreciation	156,978	137,700
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Assets		
Grants and Contracts Receivable	(17,526)	125,820
Pledges Receivable	-	(60,000)
Prepaid Expense	(29,999)	(4,369)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(7,219)	(18,506)
Accrued Payroll and Benefits	73,775	(36,849)
Compensated Absences	11,091	3,801
Refundable Advances	670,900	-
Net Cash Provided by Operating Activities	887,860	563,854
Cash Flows Used in Investing Activities		
Purchase of Property and Equipment	(293,674)	(10,742)
Cash Flows Used in Financing Activities		
Payments on Long-Term Debt	(215,604)	(187,695)
Net Increase in Cash	378,582	365,417
Cash, Beginning of Year	789,332	423,915
Cash, End of Year	$ 1,167,914	$ 789,332
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	$ 4,817	$ 11,195
Assets Purchased with Debt Proceeds	$ -	$ 44,559

Note: Cash includes operations, restricted and board designated accounts.

	Program Services				Supporting Services	
	Regular Education	**Special Education**	**Other Programs**	**Total**	**Management and General**	**Total**
Salaries	$ 1,868,602	$ 225,155	$ 123,135	$ 2,216,892	$ 1,064,594	$ 3,281,486
Benefits and Payroll Taxes	394,253	47,505	25,980	467,738	224,616	692,354
Contracted Services	216,779	26,121	-	242,900	-	242,900
Educational Materials	48,795	5,879	-	54,674	-	54,674
Field Trips	22,802	-	-	22,802	-	22,802
Fundraising	-	-	2,211	2,211	-	2,211
Insurance	24,080	2,901	1,587	28,568	13,719	42,287
Maintenance and Repairs	168,644	20,321	11,113	200,078	96,081	296,159
Marketing and Recruitment	-	-	-	-	59,452	59,452
Miscellaneous	-	-	-	-	2,938	2,938
Postage and Delivery	-	-	-	-	9,383	9,383
Professional Services	-	-	-	-	64,252	64,252
Rent	264,789	31,905	17,449	314,143	150,857	465,000
Sports	91,164	-	-	91,164	-	91,164
Staff Development	33,636	4,053	-	37,689	-	37,689
Supplies and Materials	-	-	-	-	53,773	53,773
Telephone and Internet	58,950	7,103	3,885	69,938	33,585	103,523
Transportation (Student)	49,199	-	-	49,199	-	49,199
Travel	3,773	455	-	4,228	-	4,228
Uniforms	15,295	-	-	15,295	-	15,295
Utilities	38,722	4,666	2,552	45,940	22,060	68,000
Depreciation	89,389	10,771	5,890	106,050	50,928	156,978
Interest	-	-	-	-	4,817	4,817
Total Expenses	$ 3,388,872	$ 386,835	$ 193,802	$ 3,969,509	$ 1,851,055	$ 5,820,564

GREEN TECH HIGH CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services	
	Regular Education	**Special Education**	**Other Programs**	**Total**	**Management and General**	**Total**
Salaries	$ 1,870,805	$ 178,777	$ 109,555	$ 2,159,137	$ 578,414	$ 2,737,551
Benefits and Payroll Taxes	423,188	40,440	24,782	488,410	130,841	619,251
Contracted Services	218,037	20,836	-	238,873	-	238,873
Educational Materials	56,801	5,428	-	62,229	-	62,229
Field Trips	12,014	-	-	12,014	-	12,014
Fundraising	-	-	3,131	3,131	-	3,131
Insurance	30,240	2,890	1,771	34,901	9,349	44,250
Maintenance and Repairs	186,968	17,867	10,949	215,784	57,806	273,590
Marketing and Recruitment	-	-	-	-	63,271	63,271
Miscellaneous	-	-	-	-	3,304	3,304
Postage and Delivery	-	-	-	-	10,683	10,683
Professional Services	-	-	-	-	64,391	64,391
Rent	276,771	26,449	16,208	319,428	85,572	405,000
Sports	93,483	-	-	93,483	-	93,483
Staff Development	30,926	2,955	-	33,881	-	33,881
Supplies and Materials	-	-	-	-	45,864	45,864
Telephone and Internet	44,695	4,271	2,617	51,583	13,819	65,402
Transportation (Student)	25,436	-	-	25,436	-	25,436
Travel	5,693	544	-	6,237	-	6,237
Uniforms	14,820	-	-	14,820	-	14,820
Utilities	50,150	4,792	2,937	57,879	15,506	73,385
Depreciation	94,102	8,993	5,511	108,606	29,094	137,700
Interest	-	-	-	-	11,195	11,195
Total Expenses	$ 3,434,129	$ 314,242	$ 177,461	$ 3,925,832	$ 1,119,109	$ 5,044,941

1. ORGANIZATION AND PURPOSE

Organization

The mission of Green Tech High Charter School (the "School") is to prepare young men to complete high school with a Regents diploma so they will have the opportunity to attend college or choose an alternative, responsible career path as they enter adulthood. The School will succeed in this mission by providing a complete college preparatory high school curriculum that ensures every student will attain the skills and coursework necessary for a Regents diploma, including the use of computer technology, with an added knowledge and understanding of the environment.

A provisional charter, valid for five years, was granted to the School by the Charter School Institute of the State University of New York pursuant to Article 56 of the Educational Law of the State of New York. The School began providing educational services in the fall of 2008 for the 9^{th} grade. The provisional charter allowed for an additional grade to be added in each subsequent year until the School reaches grade 12. The School's most recent charter renewal was granted in 2017 extending operations for an additional five years. In February 2019, the School received approval to modify its charter renewal and add a middle school program to its existing high school program, adding grades 6 through 8 in subsequent years through June 30, 2021. As of June 30, 2020, the School had an enrollment of approximately 339 students in the 6^{th}, 7^{th} and 9^{th} through 12^{th} grades.

The School is governed by a Board of Trustees in accordance with the School's by-laws.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies and Financial Statement Presentation

The following summarizes the significant accounting policies consistently applied in the preparation of the Organization's financial statements, with references to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) where applicable.

Basis of Accounting

The financial statements of the School are prepared using the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

A substantial portion of the School's revenue and related receivables is derived from its billing to Albany City School District in accordance with State law, requiring the District to reimburse the School based on a per capita basis. These revenues are recognized ratably over the related school year during which they are earned.

Grants, contributions received and unconditional promises to give are measured at their fair values and reported as an increase in net assets. The School reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. The School reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue on cost reimbursement grants and contracts is recognized to the extent actual expenditures have been incurred in compliance with the specific grant requirements. Other grant and contract revenue is recognized in the period earned if on a fee for services basis. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when or as performance obligations are satisfied

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2020 and 2019.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third party payors for the School's contracts received related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding and other sources for the School's contracts for services not yet performed that are expected to be performed within the next fiscal year. There were no contract liabilities at June 30, 2020 and 2019.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs benefitted. Salaries are allocated based on estimates of total time spent, while other expenses are allocated based on estimates of the resources used.

Grants, Contracts and Other Receivables

Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than 90 days. Management has determined an allowance was necessary as of June 30, 2020 and 2019 in the amount of $76,220 and $88,444, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional and Unconditional Promises to Give

At June 30, 2020 and 2019 the School had received unconditional promises to give as detailed in Note 4.

Property, Equipment and Depreciation

Acquisitions of property and equipment in excess of $1,000 are capitalized and recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs not improving or extending the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation is removed from the accounts and any gain or loss is reported in the statement of activities. Depreciation is provided over the estimated useful life of each class of depreciable asset (ranging from 3 to 39 years) and is computed using the straight-line method.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the School and changes therein are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the School and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Advertising Costs

The School expenses advertising costs as they are incurred. Advertising costs for the years ended June 30, 2020 and 2019 were $59,452 and $63,271, respectively.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies as a school and for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Donated Services

The School received donated services from unpaid volunteers who assisted in fund raising, office administration and program activities. For the services donated, the criteria for recognition in these financial statements of such volunteer effort was not met and, therefore, no revenue and expense has been reflected in these financial statements. Management has estimated that volunteers have provided approximately 100 hours in assisting the School in each of the years ended June 30, 2020 and 2019.

Fair Value

The ASC requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable input to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the School would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants.

Accounting for Uncertainty in Income Taxes

The School follows the ASC, *Accounting for Income Taxes,* and their current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The School has not recognized any benefits from uncertain tax positions in 2020 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2020.

Information returns filed by the School are subject to examination by taxing authorities up to three years after the extended due date of each return. Forms 990 and state income tax filings for the School are no longer subject to examination for the year ended June 30, 2016 and prior.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 financial statement presentation.

New Accounting Pronouncements

ASU No. 2014-09

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), as modified by ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, and ASU 2016-20, Technical Corrections and Improvements to Topic 606: Revenue from Contracts with Customers. The revenue recognition principle in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, new and enhanced disclosures are required. The Organizations may adopt the new standard either using the full retrospective approach, a modified retrospective approach with practical expedients, or a cumulative effect upon the adoption approach. The School adopted the new standard using the modified retrospective approach. The adoption of ASU 2014-09 did not have a material impact on the School's financial statements and related disclosures.

ASU No. 2016-18

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash (a consensus of the FASB Emerging Issues Task Force).* This ASU requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Current guidance does not specify how to present restricted cash and restricted cash equivalents in the statement of cash flows, thus there is diversity in practice. The amendments in ASU No. 2016-18 should be applied using a retrospective transition method to each period presented and are effective for nonpublic entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The School adopted this pronouncement using a retrospective transition method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

ASU No. 2018-08

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU primarily affects all not-for-profit organizations because contributions are a significant source of revenue for these entities. However, the amendments in this update apply to all entities, including business entities, that receive or make contributions of cash and other assets, including promises to give within the scope of Subtopic 958-605 and contributions made within the scope of Subtopic 720-25, Other Expenses - Contributions Made. The School adopted this ASU in 2019. The accounting change has been applied on a modified prospective basis. Under a modified prospective basis, agreements not completed as of the ASU effective date as well as agreements entered into after the ASU effective date apply.

Future Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-to-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, as updated by ASU 2019-01, *Codification Improvements,* and ASU 2019-10, *Effective Dates,* issued in March and November 2019, respectively. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The School is currently evaluating the impact that ASU 2016-02 will have on the School's financial statements and related disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School follows the ASC, *Subsequent Events*, which establishes general standards of accounting for, and disclosures of, events that occur after the due date of the financial statements but before the financial statements are issued or are available to be issued. In the preparation of these financial statements and notes thereto, management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 29, 2020, the date the financial statements were available to be issued. The following event was identified:

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the School and its future financial position and results of operations is not presently determinable.

3. BOARD DESIGNATED CASH

The School has internally designated cash in the amount of $76,786 and $76,388 as of June 30, 2020 and 2019, respectively. The intended purpose of this designation is to provide a dissolution escrow to cover costs associated with an unanticipated closure, as required by the School's Charter Agreement.

4. GRANTS, CONTRACTS, OTHER AND PLEDGES RECEIVABLE, NET

At June 30, 2020 and 2019, grants, contracts and other receivables were comprised of the following sources:

	2020	2019
School District Tuition, Net	$ 194,400	$ 89,074
U.S. Department of Agriculture	2,652	8,175
U.S. Department of Education	-	76,306
Other Receivables	3,081	9,052
	$ 200,133	$ 182,607

At June 30, 2020 and 2019 the School had received $60,000 of promises to give which have been recorded as net assets with donor restrictions due to purpose restrictions.

5. PROPERTY AND EQUIPMENT

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2020 and 2019:

	2020	2019
Building Improvements	$ 826,427	$ 664,300
Furniture and Fixtures	354,335	285,998
Equipment	291,276	228,066
Total at Cost	1,472,038	1,178,364
Less: Accumulated Depreciation	831,293	674,315
	$ 640,745	$ 504,049

Depreciation expense was $156,978 and $137,700 for the years ended June 30, 2020 and 2019, respectively.

6. REFUNDABLE ADVANCES

On March 27, 2020 Congress passed the Coronavirus Aid, Relief and Economic Security (Cares) Act which was intended to provide fast and direct economic assistance for American workers, families, small businesses and preserve jobs for American industries. A component of the Cares Act is the Paycheck Protection Program (PPP) which provides qualified small businesses with a formula based low interest rate loan. These loans are to be repaid over the 2 year period subsequent to the initial disbursement, including a 6 month no-payment deferral period, and have the potential to be forgiven after 24 weeks if used for qualifying costs such as payroll, including health and pension benefits, as well as rent, utilities and qualified debt interest which are limited to 40% of the loan amount. The School applied for and received a PPP loan in the amount of $660,900 on April 14, 2020.

In June 2020, guidance was provided by the American Institute of Certified Public Accountants (AICPA) that PPP loans, if forgiveness is anticipated, should be accounted for as a conditional contribution until such time as this amount is formally forgiven. As of June 30, 2020 the School reported this amount as a refundable advance and will report contribution revenue when conditions of the advance are satisfied.

7. LONG-TERM DEBT

Long-Term debt is comprised of the following:

	2020	2019
Mortgage note payable to the Community Loan Fund in monthly principal installments of $7,292, plus interest at a rate of 5% and matured June 30, 2020. The loan had a tertiary creditor preference and was collateralized by substantially all assets of the School.	$ -	$ 89,397
Note payable to Brighter Choice Foundation per Settlement Agreement dated August 23, 2017, which includes rental arrears, rental interest and replacement of fixtures and equipment at the School's previously leased building. Payments are calculated on a per pupil base formula as detailed in the Settlement Agreement. No interest accumulated after the settlement agreement date and the note matures on June 30, 2021. This note is collateralized by substantially all assets of the School.	300,187	378,060
Loan payable to Bank of Greene County in monthly installments of $2,801 including interest at a rate of 4.5% through August 2021. This loan is collateralized by substantially all assets of the School.	38,128	69,215
Interest free note payable to Ascentium Capital in monthly installments of $1,308, maturing November 2021. This note is collateralized by equipment purchased with proceeds.	18,313	35,560
Total	356,628	572,232
Less: Current Portion	347,543	191,248
Long-Term Debt, Net of Current Portion	$ 9,085	$ 380,984

Current maturities of long-term debt are as follows:

2021	$ 347,543
2022	9,085
	$ 356,628

The School was required by the Community Loan Fund on the mortgage note to maintain debt covenants. As of June 2019, the School was in compliance with these covenants.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent amounts received and restricted by donors to provide resources for increased compensation to instructional staff, in accordance with the School's long-term financial stability plan. Net assets with donor restrictions as of June 30, 2020 and 2019 are as follows:

	2020	2019
Subject to Expenditure for Special Purpose:		
Foundation for Teaching Fund	$ 60,000	$ 100,000

Net assets with donor restrictions are shown in the statements of financial position as follows:

	2020	2019
Cash - Restricted	$ -	$ 40,000
Pledges Receivable	60,000	60,000
Total	$ 60,000	$ 100,000

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose.

	2020	2019
Purpose Restrictions Accomplished:		
Donations Expended for Special Purpose	$ 40,000	$ 80,000

10. FACILITIES RENTAL

The School leases their facility from an unrelated third party through September 30, 2021. Net occupancy costs of the lease for the year ended June 30, 2020 and 2019 were $465,000 and $405,000, respectively.

Future annual minimum lease payments required under the office lease in the year ending June 30 is approximated as follows:

2021	$ 525,000
2022	$ 135,000

11. RETIREMENT PLAN

The School has adopted a profit-sharing plan under IRC §401(k) covering substantially all eligible employees, along with a discretionary matching contribution of up to 50% of the employee's contribution, to a maximum matching contribution of 2% of the employee's gross compensation. The School's 401(k) matching contribution for the year ended June 30, 2020 and 2019 were $22,838 and $23,310, respectively.

12. COMMITMENTS AND CONTINGENCIES

The School is subject to audits and reviews of reimbursable costs by various governmental agencies. The outcome of the audits and reviews may have the effect of retroactively increasing or decreasing revenue from various sources. These changes, if any, will be recognized in accordance with the rules and guidelines established by the various funding sources.

13. CONCENTRATION OF RISK

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 93% and 89% of total revenue and support for the year ended June 30, 2020 and 2019, respectively. No other funding source accounted for more than 10% of total revenue and support.

The School does occasionally maintain deposits in excess of federal insured limits. The ASC identifies this as a possible concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

14. LIQUIDITY AND AVAILABILITY OF RESOURCES

The School has $1,291,261 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $1,091,128 and receivables of $200,133. The School has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $970,000. The School has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

ADDITIONAL REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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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*

To the Board of Trustees of
Green Tech High Charter School
Albany, New York

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 Green Tech High Charter School (a nonprofit organization) (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses 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 School'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.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 29, 2020

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October 29, 2020

To the Board of Trustees
Green Tech High Charter School
Albany, New York

We have audited the financial statements of Green Tech High Charter School for the year ended June 30, 2020, and have issued our report thereon dated October 29, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. As described in Note 2, the School changed the accounting policies related to exchange transactions by adopting FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. The School also changed the accounting policies for presentation of restricted cash and equivalents by adopting FASB Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. Accordingly, the accounting change has been applied on a retrospective basis to all periods presented. The School also changed the accounting policies for reporting of contributions received and contributions made by adopting FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the accounting change has been applied on a modified prospective basis. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. There were no sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole except as noted in Schedule 1, if applicable.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Current Year Comments:

1. Prior year comment number 1 has not been resolved and the number of uncertified teachers over the legal limit has increased to 4. Our recommendation has not changed.

   Management Response:

   Management continually reviews compliance with this requirement and, despite further setbacks because of the COVID-19 pandemic, seeks certified teachers from a limited pool of employees. We accept the recommendation and will work to ensure compliance as resources are available going forward.

2. Prior year comment number 5 has not been resolved.

   During our testing of accounts receivable we noted several older receivables for student tuition, and an allowance for doubtful accounts has been established. We recommend that these items are aggressively pursued or formally intercepted with the NYS Education Department. If all reasonable collection efforts have been exhausted, we recommend management approves the finance department to formally write off as uncollectible.

   Management Response:

   We accept this recommendation and will actively pursue all outstanding receivables or write off if deemed uncollectible.

Prior Year Comments:

1. During our testing over the payroll function we noted that as of June 30, 2019 the School had exceeded the legal limit for uncertified teachers by 1 employee. We discussed this item with management and they acknowledged this overage which was due primarily to unanticipated staffing changes which could not be rectified in a timely manner to provide class coverage. We recommend that the Board assists management in developing a policy to ensure that the uncertified teacher limitation is not breached and if this situation should arise there is a process to timely resolve and regain compliance.

   Resolution: This item has NOT been resolved

2. Our internal control test work over the payroll function showed that of the 15 personnel files sampled, 8 of these files were missing the new hire checklist as required by School policy. We recommend that all new hires have a checklist contained in their file or an index which shows the required documentation separated by tabs in the file.

   Resolution: This items appears to have been resolved.

3. Our internal control test work over the payroll function showed that of the 15 personnel files sampled, 3 of these files were missing new hire documentation (I-9, W-4, IT-2104, etc.) as required by School policy. Although these documents were located electronically on the payroll system we recommend that these documents, whether paper or electronic, are stored in a central location. We also recommend that if these documents are to be stored electronically the accounting policy and procedures manual is updated to reflect this change.

   Resolution: This items appears to have been resolved.

4. During our review of credit card transactions and bank transfers we noted that the accounting policy and procedures manual does not cover some of the activities which are part of these internal control systems. We recommend that the manual is updated to reflect the entire process for credit and debit card transactions as well as bank transfers to help strengthen the controls over these procedures.

   Resolution: This items appears to have been resolved.

5. During test work over Accounts Receivable we proposed an adjusting entry to record an allowance for doubtful accounts over older accounts which are deemed uncollectible. We recommend the Board revisit their policy for collection of older receivables and set a cutoff date to start the applicable collection or intercept process. We recommend this cutoff date is no longer than 60 days after the original anticipated collection date.

   <u>Resolution: This item has NOT been resolved</u>

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

Very truly yours,

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPAS, LLC

Post Governance Letter Responses:

#1

- Green Tech High Charter School is currently working with several teachers on staff to assure that they complete their certification process.
- Green Tech High Charter School always exhausts all hiring practices to maintain certified staff. Green Tech High Charter School will continue these efforts.
- Green Tech High Charter School started a pension plan comparable to NYS teacher retirement to attract and retain certified teaching staff.

#2

- Green Tech High Charter initiated the Intercept Process on select school districts and continues collection of receivables aged over 60 days.
- Green Tech will continue to contact school districts and track underpayments as well as delinquent payments.
- The Board continually tracks receivables per scheduled Board Meetings.

Dr. Paul Miller
CEO/Principal of Green Tech High Charter School
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Albany, NY 12202