

CUSACK & COMPANY
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MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

October 27, 2020

To the Board of Trustees
Brighter Choice Elementary Charter School
250 Central Avenue
Albany, NY 12206

We have audited the financial statements of Brighter Choice Elementary Charter Schools for the year ended June 30, 2020, and have issued our report thereon dated October 27, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 May 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. The significant accounting policies used by Brighter Choice Elementary Charter Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Organization 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The attached misstatements detected as a result of audit procedures were corrected by management.

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 27, 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 Organization'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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We did note the following:

1) Pension Plan 5500

Filing Form 5500 with an independent audit report is required for the pension plan and is due no later than 9 ½ months after year end. The IRS penalty for late filing Form 5500 is \$25 per day, up to a maximum of \$15,000, although the Department of Labor penalty for late filing can be \$1,100 per day, with no maximum. Form 5500 for the June 30, 2018 period, due March 15, 2019, and Form 5500 for the June 30, 2019 period, due March 15, 2020, have yet to be filed.

We recommend that management develop and implement procedures to file past due and future form 5500 filings in a timely basis.

2) Timely Deposit of Pension Withholdings

During our testing of accrued pension, it was noted that all employee pension contributions were not being remitted to the plan in a timely manner. All employee and withholdings should be deposited into the plan as soon as possible but no later than 15 days from withholdings.

We recommend that procedures be developed and implemented to deposit employee pension withholdings as soon as possible.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees of Brighter Choice Elementary Charter Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S, LLC

Brighter Choice Charter School for Girls

Adjusting Journal Entries

July 1, 2019 - June 30, 2020

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Adjusting Journal Entries							
06/30/20	1		ADJUST DEBT TO SCHEDULED DETAIL	M-1/M-2			573.51
		20014	ACCURED INTEREST		806.92		
		24010	PREMIUM ON BOND PAYABLE			233.41	
		80000	BOND INTEREST EXP			573.51	
06/30/20	2		CLIENT ADJUST ALLOW TO LATEST STATUS				45,980.76
		12999	Reserve for Doubtful Accounts		45,980.76		
		40151	RENSSELAER CSD			4,384.29	
		40133	MENANDS			0.47	
		40203	SCHENECTADY SPED			41,596.00	
06/30/20	3		RECLASS				0.00
		30003	Retained Earnings		543,939.07		
		30000	UNRESTRICTED NET ASSETS			543,939.07	
09/22/20	4		ACCUE INTAC FEES FOR PENSION AUDIT EXPENSE		17,875.00		(17,875.00)
		64120					
		20150	ACCURED EXP OTHER		17,875.00		
09/22/20	5		WRITE OFF FEDERAL NUTRITION PY AR	C-1.2			(6,033.00)
		41400	FEDERAL NUTRITIONAL PROGRAM		6,033.00		
		10120	ACCURED REVENUE			6,033.00	
09/23/20	6		TO ADJUST DEPRECIATION TO ACTUAL	H-1.1			(23,910.92)
		67010	DEPRECIATION EXPENSE		23,910.92		
		15070	A/D FURNITURE & EQUIP			23,910.92	
09/30/20	7		To adjust per pupil revenue to actual	W-1			(8,768.94)
		40102	ALBANY PER PUPIL FUNDING		0.07		
		40151	RENSSELAER CSD		91,797.61		
		40169	TROY CSD		0.01		
		40154	SCHENECTADY CSD			83,028.75	
		12999	Reserve for Doubtful Accounts			8,768.94	
Totals for Adjusting Journal Entries					<u>730,343.36</u>	<u>730,343.36</u>	<u>(10,033.59)</u>
Report Totals					<u>730,343.36</u>	<u>730,343.36</u>	<u>(10,033.59)</u>

Brighter Choice Charter School for Boys

Adjusting Journal Entries

July 1, 2019 - June 30, 2020

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Adjusting Journal Entries							
	2		CLIENT ADJUSTMENT TO ALLOWANCE BASED ON LATEST STATUS				32,528.00
		12026	Allowance for Doubtful Accts		32,528.00		
		40110	COHOES CSD		4,498.00		
		40114	GREEN ISLAND		2,152.00		
		40112	RAVENA-COEYMAN'S-SELKIRK CSD		6,245.00		
		40203	SCHENECTADY SPED			45,423.00	
06/30/20	1		ADJUST DEBT TO SCHEDULED AMOUNTS	M-1/M-2			(3,073.16)
		68020	BOND INTEREST EXPENSE		3,073.16		
		24010	PREMIUM ON BOND PAYABLE		177.38		
		20014	ACCRUED INTEREST			3,250.54	
06/30/20	3		RECLASS				0.00
		30003	Retained Earnings		608,437.45		
		30000	UNRESTRICTED NET ASSETS			608,437.45	
09/22/20	4		ACCUE INTAC FEES FOR PENSION AUDIT		17,875.00		(17,875.00)
		64120				17,875.00	
		20150	Accrued Expenses				
09/24/20	5		To adjust depreciation expense to actual	H-1.1			1,034.53
		15070	ACCUM DEPRECIATION - FURN & EQU		1,034.53		
		67010	DEPRECIATION			1,034.53	
Totals for Adjusting Journal Entries					<u>676,020.52</u>	<u>676,020.52</u>	<u>12,614.37</u>
Report Totals					<u>676,020.52</u>	<u>676,020.52</u>	<u>12,614.37</u>

Journal Entry count = 5

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS

FINANCIAL STATEMENTS

JUNE 30, 2020

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Brighter Choice Elementary Charter Schools
Albany, New York

We have audited the accompanying financial statements of Brighter Choice Elementary Charter Schools, 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.

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 Brighter Choice Elementary Charter Schools as of June 30, 2020, and the changes in their net assets and their cash flows for the year 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 27, 2020, on our consideration of Brighter Choice Elementary Charter Schools' 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 Brighter Choice Elementary Charter Schools' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 27, 2020

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

	<u>ASSETS</u>			
	<u>Girls School</u>	<u>Boys School</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets				
Cash	\$ 2,834,876	\$ 2,184,617	\$ -	\$ 5,019,493
Contracts and Grants Receivable	333,917	492,435	-	826,352
Due from Related School	302,240	-	(302,240)	-
Total Current Assets	<u>3,471,033</u>	<u>2,677,052</u>	<u>(302,240)</u>	<u>5,845,845</u>
Property and Equipment, Net	<u>5,245,626</u>	<u>5,263,280</u>	<u>-</u>	<u>10,508,906</u>
Other Assets				
Cash, Restricted	100,000	100,000	-	200,000
Bond Trust Accounts, Restricted	1,411,925	1,533,040	-	2,944,965
Total Other Assets	<u>1,511,925</u>	<u>1,633,040</u>	<u>-</u>	<u>3,144,965</u>
Total Assets	<u>\$ 10,228,584</u>	<u>\$ 9,573,372</u>	<u>\$ (302,240)</u>	<u>\$ 19,499,716</u>
<u>LIABILITIES AND UNRESTRICTED NET ASSETS</u>				
Current Liabilities				
Current Portion of Bonded Mortgage Payable	\$ 272,500	\$ 272,500	\$ -	\$ 545,000
Loan Payable - U.S. Small Business Administration	429,300	452,000	-	881,300
Accounts Payable and Accrued Expenses	364,769	213,419	-	578,188
Accrued Payroll and Benefits	339,761	373,062	-	712,823
Unearned Revenue	18,109	17,110	-	35,219
Due to Related School	-	302,240	(302,240)	-
Total Current Liabilities	<u>1,424,439</u>	<u>1,630,331</u>	<u>(302,240)</u>	<u>2,752,530</u>
Long-Term Liabilities				
Bonded Mortgage Payable	6,658,759	6,658,759	-	13,317,518
Net Assets Without Donor Restrictions	<u>2,145,386</u>	<u>1,284,282</u>	<u>-</u>	<u>3,429,668</u>
Total Liabilities and Net Assets	<u>\$ 10,228,584</u>	<u>\$ 9,573,372</u>	<u>\$ (302,240)</u>	<u>\$ 19,499,716</u>

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Girls School</u>	<u>Boys School</u>	<u>Total</u>
Revenue, Grants and Support			
Public School District			
Resident Student Enrollment	\$ 4,804,173	\$ 4,606,096	\$ 9,410,269
Special Education Services	65,307	138,399	203,706
Grants and Contracts			
Federal - Child Nutrition Program	212,110	210,762	422,872
Federal - Title 1, II, IV and IDEA	150,852	168,511	319,363
Other	<u>43,472</u>	<u>55,898</u>	<u>99,370</u>
Total Revenue, Grants and Support	<u>5,275,914</u>	<u>5,179,666</u>	<u>10,455,580</u>
Expenses			
Program Services			
Regular Education	2,770,328	2,901,699	5,672,027
Special Education	240,331	196,630	436,961
Other Programs	<u>772,354</u>	<u>504,637</u>	<u>1,276,991</u>
Total Program Services	3,783,013	3,602,966	7,385,979
Management and General	<u>729,194</u>	<u>1,041,795</u>	<u>1,770,989</u>
Total Expenses	<u>4,512,207</u>	<u>4,644,761</u>	<u>9,156,968</u>
Surplus from School Operations	<u>763,707</u>	<u>534,905</u>	<u>1,298,612</u>
Other Revenue			
Fundraising	5,062	3,826	8,888
Interest Income	<u>38,790</u>	<u>33,072</u>	<u>71,862</u>
Total Other Revenue	<u>43,852</u>	<u>36,898</u>	<u>80,750</u>
Increase in Net Assets	807,559	571,803	1,379,362
Net Assets Without Donor Restrictions, Beginning of Year	<u>1,337,827</u>	<u>712,479</u>	<u>2,050,306</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 2,145,386</u>	<u>\$ 1,284,282</u>	<u>\$ 3,429,668</u>

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS*STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED JUNE 30, 2020*

	<u>Girls School</u>	<u>Boys School</u>	<u>Total</u>
Cash Flows Provided by Operating Activities:			
Change in Net Assets	\$ 807,559	\$ 571,803	\$ 1,379,362
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	251,581	235,012	486,593
Amortization of Deferred Financing Costs	12,456	12,456	24,912
Amortization of Bonded Mortgage Premium	(7,150)	(7,561)	(14,711)
Changes in Operating Assets and Liabilities			
(Increase) Decrease in Assets			
Grants and Contracts Receivable	100,894	(274,246)	(173,352)
Increase (Decrease) in Liabilities			
Accounts Payable and Accrued Expenses	(33,365)	(133,711)	(167,076)
Accrued Payroll and Benefits	40,155	58,335	98,490
Unearned Revenue	(6,036)	(5,704)	(11,740)
Net Cash Provided by Operating Activities	<u>1,166,094</u>	<u>456,384</u>	<u>1,622,478</u>
Cash Flows Used in Investing Activities			
Due from Related Schools	(246,928)	-	(246,928)
Purchase of Property and Equipment	<u>(111,499)</u>	<u>(23,351)</u>	<u>(134,850)</u>
Net Cash Used in Investing Activities	<u>(358,427)</u>	<u>(23,351)</u>	<u>(381,778)</u>
Cash Flows Provided by (Used in) Financing Activities			
Payments on Bonded Mortgage Payable	(260,000)	(260,000)	(520,000)
Net Deposits to Bonded Trust Accounts	(103,520)	(103,520)	(207,040)
U.S. Small Business Administration - PPP Loan	429,300	452,000	881,300
Due to Related Schools	-	246,928	246,928
Net Cash Provided by Financing Activities	<u>65,780</u>	<u>335,408</u>	<u>401,188</u>
Increase in Cash	873,447	768,441	1,641,888
Cash, Beginning of Year	<u>1,961,429</u>	<u>1,416,176</u>	<u>3,377,605</u>
Cash, End of Year	<u>\$ 2,834,876</u>	<u>\$ 2,184,617</u>	<u>\$ 5,019,493</u>
Supplementary Cash Flow Information			
Cash Paid During the Year for Interest	<u>\$ 358,543</u>	<u>\$ 358,939</u>	<u>\$ 717,482</u>

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES GIRLS SCHOOL
FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Total 2020</u>	<u>Total 2019</u>
Administrative Staff Personnel	\$ 132,157	\$ -	\$ -	\$ 376,805	\$ 508,962	\$ 512,884
Instructional Personnel	1,284,268	132,409	-	-	1,416,677	1,292,985
Non-Instructional Personnel	-	-	306,376	-	306,376	402,138
Total Salaries and Staff	<u>1,416,425</u>	<u>132,409</u>	<u>306,376</u>	<u>376,805</u>	<u>2,232,015</u>	<u>2,208,007</u>
Fringe Benefits and Payroll Taxes	304,352	28,451	65,832	80,965	479,601	551,238
Retirement	52,097	4,870	11,269	13,859	82,095	78,021
Legal Services	-	-	-	1,702	1,702	2,811
Accounting and Audit Services	52,909	4,946	11,444	14,075	83,375	78,470
Other Purchased, Professional and Consulting Services	42,052	3,931	9,096	11,187	66,266	80,361
Facility Interest Expense	235,434	22,009	50,925	62,631	370,999	380,948
Repairs and Maintenance	117,988	11,030	25,521	31,388	185,926	184,515
Insurance	26,396	2,468	5,710	7,022	41,595	38,322
Utilities	48,361	4,521	10,461	12,865	76,207	74,466
Supplies and Materials	12,290	1,149	2,658	3,270	19,367	19,298
Staff Development	13,721	1,283	2,968	3,650	21,621	16,835
Marketing and Recruitment	-	-	-	43,572	43,572	31,477
Technology	38,216	3,572	8,266	10,166	60,221	72,229
Food Service	-	-	216,265	-	216,265	310,092
Student Services	199,440	-	-	-	199,440	309,675
Office Expenses	47,417	4,433	10,256	12,614	74,720	77,961
Depreciation	159,652	14,924	34,533	42,471	251,581	229,353
Other	<u>3,578</u>	<u>335</u>	<u>774</u>	<u>952</u>	<u>5,639</u>	<u>7,412</u>
Total Expenses	<u>\$ 2,770,328</u>	<u>\$ 240,331</u>	<u>\$ 772,354</u>	<u>\$ 729,194</u>	<u>\$ 4,512,207</u>	<u>\$ 4,751,491</u>

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES BOYS SCHOOL
FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Total 2020</u>	<u>Total 2019</u>
Administrative Staff Personnel	\$ 64,426	\$ -	\$ -	\$ 556,700	\$ 621,126	\$ 646,723
Instructional Personnel	1,456,998	110,058	-	-	1,567,056	1,499,283
Non-Instructional Personnel	-	-	164,187	-	164,187	180,065
Total Salaries and Staff	<u>1,521,424</u>	<u>110,058</u>	<u>164,187</u>	<u>556,700</u>	<u>2,352,369</u>	<u>2,326,071</u>
Fringe Benefits and Payroll Taxes	304,804	22,049	32,893	111,530	471,276	439,566
Retirement	56,557	4,091	6,103	20,695	87,446	80,629
Legal Services	-	-	-	1,702	1,702	2,812
Accounting and Audit Services	60,135	4,350	6,490	22,004	92,979	87,872
Other Purchased, Professional and Consulting Services	67,069	4,852	7,238	24,541	103,700	99,605
Facility Interest Expense	240,204	17,376	25,922	87,893	371,395	381,359
Repairs and Maintenance	128,044	9,263	13,818	46,852	197,977	224,159
Insurance	27,463	1,987	2,964	10,049	42,463	38,447
Utilities	52,753	3,816	5,693	19,303	81,565	80,654
Supplies and Materials	35,611	2,576	3,843	13,030	55,060	31,795
Staff Development	13,364	967	1,442	4,890	20,663	26,346
Marketing and Recruitment	-	-	-	45,497	45,497	35,730
Technology	18,075	1,308	1,951	6,614	27,948	26,874
Food Service	-	-	211,302	-	211,302	321,972
Student Services	183,539	-	-	-	183,539	312,850
Office Expenses	37,138	2,687	4,008	13,589	57,422	55,438
Depreciation	151,997	10,995	16,403	55,617	235,012	239,720
Other	<u>3,522</u>	<u>255</u>	<u>380</u>	<u>1,289</u>	<u>5,446</u>	<u>8,397</u>
Total Expenses	<u>\$ 2,901,699</u>	<u>\$ 196,630</u>	<u>\$ 504,637</u>	<u>\$ 1,041,795</u>	<u>\$ 4,644,761</u>	<u>\$ 4,820,296</u>

1. ORGANIZATION AND PURPOSE

Organization

Brighter Choice Charter School for Girls (the “Girls School”) and Boys (the “Boys School”) are not-for-profit corporations, which were formed in 2001 in order to build and operate charter schools in the City of Albany, New York. The Brighter Choice Charter Schools for Girls and Boys (the “Schools”) were established to provide a quality educational alternative for at-risk elementary students in the City. Effective July 1, 2016, Brighter Choice Charter School for Boys was merged with and into Brighter Choice Charter School for Girls, with Brighter Choice Charter School for Girls being renamed Brighter Choice Elementary Charter Schools.

Each charter school, authorized by Article 56 of the New York State Charter Schools Act of 1998, is an independent public school and, in accordance with their charter and by laws, each school has a Board of Trustees and is an independent, discreet operating entity.

The Schools provides a broad and rigorous liberal arts education, including instruction on phonics-based reading, traditional mathematics, science, visual and performing arts, American and world history, and physical education. Students benefit from a longer school day and school year, which will provide them with an equivalent of two years of academic instruction over each of their elementary years.

The New York State Education Department has issued the Schools a three year charter valid until June 30, 2021. During the year ended June 30, 2020, the Girls School had enrollment of approximately 321 students (320 students, June 30, 2019) and the Boys School had enrollment of approximately 305 students (320 students, June 30, 2019) serving kindergarten through 5th grade.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION

Financial Statement Presentation

The financial statement presentation follows accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit organizations.

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the School.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions

Purpose restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to unrestricted net assets. The Schools have no purpose restricted net assets at June 30, 2020.

Perpetually restricted net assets are resources whose use by the School is limited by donor imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The Schools have no perpetually restricted net assets at June 30, 2020.

Contracts and Grants Receivable

Contracts and grants receivable are carried at original invoice amount 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. Contracts and grants receivable 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. Interest is not charged on outstanding accounts receivable. The allowance for doubtful accounts was \$182,038 for the Girls School and \$33,702 for the Boys School at June 30, 2020.

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor imposed restrictions.

The Schools report grants of cash and other assets as restricted support if they are received with stipulations that limit their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Schools report restricted grants as unrestricted support whenever the restrictions are met in the same year the grants are received.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value

The Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs 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. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Cash, contracts and grants receivable, accounts payable and accrued expenses and unearned revenue - The carrying amounts approximate fair value because of the short maturity of these instruments.

Property and equipment - No attempt has been made to determine the fair value of property and equipment.

Mortgage payable - The fair value of the mortgage payable is estimated based on current rates offered to the School for debt of the same remaining maturity. At June 30, 2020, the fair value of the mortgage payable approximates the amount recorded in the financial statements.

Income Taxes

The Schools are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and the School is exempt from state income tax. The Schools have been classified as a publicly-supported organization that is not a private foundation under Section 509(a) of the Code.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*Accounting for Uncertainty in Income Taxes*

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The Schools have not recognized any benefits or liabilities from uncertain tax positions in 2020 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine the Schools' tax returns for three years from the date of filing; consequently, income returns for years prior to 2017 are no longer subject to examination by tax authorities.

Grant Revenue and Unearned Revenue

Grant revenue is recognized as revenue in the period in which it is spent. Amounts received under these grants that have not yet been spent are recorded as unearned revenue.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Donations of property and equipment are recorded as support at their estimated fair values on the date of donation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net assets.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and Improvements	40
Furniture and Equipment	3-10

Revenue Recognition

A substantial portion of the Schools' revenue and related receivables are derived from its arrangement with the local School Districts, which reimburse the Schools based on per capita enrollment. These revenues are recognized ratably over the related school year during which they are earned.

Revenue from other governmental sources generally represents various entitlements and is recognized as earned when allowable expenditures are incurred.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*Allocation of Expenses*

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services using specific allocation methods. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

3. CASH, RESTRICTED

As part of the charter agreement, charter schools agree to establish an escrow account of no less than a set dollar amount as determined by the New York State Education Department ("NYSED"). This amount is established to pay for legal and audit expenses that would be associated with a dissolution should it occur. Each school has established an escrow account for \$100,000 as required by the NYSED.

4. BOND TRUST ACCOUNTS - RESTRICTED

The Schools have entered into a custody agreement with Wilmington Trust Company as Custodian and as Trustee. Debt service reserve represents funds held by Wilmington Trust Company in the name of the Schools. The Schools will direct educational aid payments to be deposited with the Custodian. The Custodian will pay the Trustee, for deposit in the Debt Service Fund, an amount equal to a proportionate share of the next interest and principal payment on the Bonds for which funds have not already been provided. Additionally, the custodian will pay the Trustee, for deposit in the Repair and Replacement Fund, amounts necessary to equal the Repair and Replacement Fund requirement (\$177,355 for the year ended June 30, 2020) with required increases of 3% annually. Any funds remaining with the Custodian following such transfers will be transferred to the Schools.

In connection with the bonded mortgage with the City of Albany Industrial Development Agency (IDA), the Schools are required to maintain bond trust accounts which are administered by Wilmington Trust Company. The underlying investments in the bond trust accounts at June 30, 2020 consist of money market funds.

Bond trust accounts consist of the following:

	<u>Girls School</u>	<u>Boys School</u>	<u>Total</u>
Debt Reserve Fund	\$ 629,013	\$ 629,013	\$ 1,258,026
Bond Fund	108,324	108,324	216,648
Educational Aid Fund	124,095	113,314	237,409
Repair and Replacement Fund	550,493	682,389	1,232,882
	<u>\$ 1,411,925</u>	<u>\$ 1,533,040</u>	<u>\$ 2,944,965</u>

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS*NOTES TO FINANCIAL STATEMENTS (CONTINUED)**JUNE 30, 2020*

4. BOND TRUST ACCOUNTS - RESTRICTED (CONTINUED)

The Schools have entered into a collateral agreement for bond trust accounts not covered under federal deposit insurance. Cash is fully insured and collateralized under the bond trust accounts as of June 30, 2020.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>Girls School</u>	<u>Boys School</u>	<u>Total</u>
Land	\$ 110,000	\$ 110,000	\$ 220,000
Building and Improvements	7,807,435	7,908,574	15,716,009
Furniture and Equipment	<u>763,211</u>	<u>745,518</u>	<u>1,508,729</u>
Total at Cost	8,680,646	8,764,092	17,444,738
Less Accumulated Depreciation	<u>(3,435,020)</u>	<u>(3,500,812)</u>	<u>(6,935,832)</u>
Property and Equipment, Net	<u>\$ 5,245,626</u>	<u>\$ 5,263,280</u>	<u>\$ 10,508,906</u>

Depreciation expense was \$251,581 and \$235,012 for the Girls and Boys School, respectively, for the year ended June 30, 2020.

6. BONDED MORTGAGE PAYABLE

The Schools' facilities are jointly owned by the two Schools. The facilities were acquired through financing provided by the IDA in March 2008. The IDA issued taxable and tax-exempt Civic Facility Revenue Bonds totaling \$18,490,000 to acquire and renovate the facilities of the two Schools. The Schools acquired the facilities from the IDA through an installment sale agreement which provides for the Schools to make installment purchase payments in amounts sufficient to pay the principal and interest on the bonds when due. Under the installment sale agreement, each School is jointly and severally obligated to make the installment purchase payments. The installment sale agreement is collateralized by a first mortgage lien and security interest in the land, buildings and equipment of the Schools' facilities.

Each of the Schools initially recorded 50% of the total cost of the facilities' acquisition and renovation as well as 50% of the installment purchase agreement liability.

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

JUNE 30, 2020

6. BONDED MORTGAGE PAYABLE (CONTINUED)

Maturities, remaining principal amounts, and interest rates of the bonds (and underlying installment purchase agreement), as allocated to each School, are as follows:

	<u>Girls Total</u>	<u>Boys Total</u>	<u>Total</u>
5.00% Term Bond, Series 2007A due April 1, 2027	\$ 2,230,000	\$ 2,230,000	\$ 4,460,000
5.00% Term Bond, Series 2007A due April 1, 2032	2,127,500	2,127,500	4,255,000
5.00% Term Bond, Series 2007B due April 1, 2037	<u>2,712,500</u>	<u>2,712,500</u>	<u>5,425,000</u>
Total Bonded Mortgage Payable	7,070,000	7,070,000	14,140,000
Current Portion of Bonded Mortgage Payable	(272,500)	(272,500)	(545,000)
Bonded Mortgage Premium - Net	69,919	69,919	139,838
Deferred Financing Costs - Net	<u>(208,660)</u>	<u>(208,660)</u>	<u>(417,320)</u>
Bonded Mortgage Payable - Long Term	<u>\$ 6,658,759</u>	<u>\$ 6,658,759</u>	<u>\$13,317,518</u>

The following is a summary of maturing debt service requirements for the fiscal year ending June 30,

	<u>Girls School</u>	<u>Boys School</u>	<u>Total</u>
2021	\$ 272,500	\$ 272,500	\$ 545,000
2022	287,500	287,500	575,000
2023	302,500	302,500	605,000
2024	317,500	317,500	635,000
2025	332,500	332,500	665,000
Thereafter	<u>5,557,500</u>	<u>5,557,500</u>	<u>11,115,000</u>
	<u>\$ 7,070,000</u>	<u>\$ 7,070,000</u>	<u>\$ 14,140,000</u>

Total interest was \$370,999 and \$371,395 for the Girls and Boys School for the year ended June 30, 2020, respectively.

Net deferred financing costs consist of bond closing costs incurred in connection with tax-exempt and taxable Civic Facility Revenue Bonds issued by the IDA. Bond closing costs are being amortized using the straight-line method over the term of the obligation. Net deferred financing costs consist of the following:

	<u>Girls School</u>	<u>Boys School</u>	<u>Total</u>
Bond Closing Costs	\$ 373,702	\$ 373,702	\$ 747,404
Accumulated Amortization	<u>(165,042)</u>	<u>(165,042)</u>	<u>(330,084)</u>
Net Deferred Financing Costs	<u>\$ 208,660</u>	<u>\$ 208,660</u>	<u>\$ 417,320</u>
Amortization Expense	<u>\$ 12,456</u>	<u>\$ 12,456</u>	<u>\$ 24,912</u>

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS*NOTES TO FINANCIAL STATEMENTS (CONTINUED)**JUNE 30, 2020*

6. BONDED MORTGAGE PAYABLE (CONTINUED)

Bond premiums received in connection with tax-exempt and taxable Civic Facility Revenue Bonds issued by the IDA are amortized using the effective interest method over the term of the obligation.

Premium amortization charged to operations as a reduction of interest expense was \$14,356 for the year ended June 30, 2020.

The Schools are subject to debt covenants which are calculated using information aggregated from both Schools. The covenants are as follows:

	<u>Minimum Requirement</u>	<u>Actual</u>
Debt Service Coverage Ratio	1.10	
Days Cash on Hand	20	
The debt service coverage ratio is calculated as follows:		
Increase in Net Assets	\$ 1,379,362	
Add Back: Interest Expense	742,394	
Depreciation	<u>486,593</u>	
Net Revenues Available for Debt Service	<u>\$ 2,608,349</u>	
Debt Service Payments		
Interest Expense	\$ 742,394	
Principal	<u>520,000</u>	
Total Current Debt Service	<u>\$ 1,262,394</u>	
Net Revenues Available for Debt Service	<u>\$ 2,608,349</u>	<u>2.07</u>
Total Current Debt Service	<u>\$ 1,262,394</u>	

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS*NOTES TO FINANCIAL STATEMENTS (CONTINUED)**JUNE 30, 2020*

6. BONDED MORTGAGE PAYABLE (CONTINUED)

The days cash on hand is calculated as follows:

Total Expenses	\$ 9,156,968	
Less: Depreciation	(486,593)	
Net Amortization	<u>(10,201)</u>	
Net Expenses	8,660,174	
Days	<u>365</u>	
Cash Used Per Day	<u>\$ 23,727</u>	
 Cash at Year End	 \$ 5,019,493	 <u>211.6</u>
Cash Used Per Day	\$ 23,727	

An additional covenant requires that the Schools do not incur long-term debt unless for building improvements. As the loan from the U.S. Small Business Administration is short-term and is expected to be forgiven, management is of the opinion that this covenant has not been violated.

7. EMPLOYEE RETIREMENT PLAN

The Schools have 403(b) tax-deferred annuity retirement plans, which are funded by contributions from both the Schools and its employees. The Schools' contribution ranges from 2% to 6% of eligible employees' salaries based on years of service. Retirement plan expense was \$82,095 and \$87,447 for the Girls and Boys School for the year ended June 30, 2020, respectively.

8. COMMITMENTS AND CONTINGENCIES

The Schools maintain cash balances in a financial institution located in the northeast. Accounts at this institution are insured, up to certain limits, by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2020, the Schools have bank deposits of approximately \$4.7 million in excess of amounts insured by the FDIC.

In the normal course of business, the Schools are, from time to time, subject to allegations that may or do result in litigation. The Schools have general liability insurance to cover potential claims. Based upon the advice of counsel, it is the opinion of management that any liability that may arise from such actions would not result in losses that would materially affect the financial position of the Schools or their change in net assets.

The Schools are 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.

BRIGHTER CHOICE ELEMENTARY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The New York State Education Department has issued the Schools a three year charter valid until June 30, 2021. It is the opinion of management that the charter will be renewed prior to June 30, 2021.

9. CONCENTRATION OF RISK

The Schools receive a substantial portion of their funding from school districts where the School's students reside as well as federal funding sources. One payor constituted approximately 71% of total revenue and support for the year ended June 30, 2020.

10. LIQUIDITY

The School's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The School has financial assets available within one year of the statement of financial position to meet cash needs for general expenditures, liabilities and other obligations of:

Cash	\$ 5,019,493
Contracts and Grants Receivable	<u>826,352</u>
Financial Assets Available to Meet Cash Needs within One Year	<u><u>\$ 5,845,845</u></u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

11. SUBSEQUENT EVENTS

The Schools have evaluated subsequent events or transactions as to any potential material impact on operations or financial position that existed at the date of the financial statements through October 27, 2020, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Schools operate. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Act* (CARES Act) was enacted to, among other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

11. SUBSEQUENT EVENTS (CONTINUED)

As part of the CARES Act, the Paycheck Protection Program (PPP) provides 100% federally guaranteed loans to small businesses, designed to help small businesses keep workers employed amid the pandemic and economic shutdown. The loan may be forgiven if the borrower maintains their payroll during the crisis or restores their payroll afterwards and uses the funds to cover payroll, certain payroll related costs, rent, and utilities during a twenty-four week period after receiving the loan, as outlined in the PPP. The Schools applied for PPP loans and received \$429,300 for the Girls' School and \$452,000 for the Boys' School. Any loan amounts not forgiven are subject to repayment over twenty-four months with interest at 1%. As of the date these financial statements were made available, the Schools have not determined the amount of the loans that will be forgiven, but management's preliminary calculations estimate that substantially all of these loans will be forgiven.

**ADDITIONAL REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE**

**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
Brighter Choice Elementary Charter Schools
Albany, New York

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 Brighter Choice Elementary Charter Schools (nonprofit organization), 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 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brighter Choice Elementary Charter Schools' 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 Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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 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 Brighter Choice Elementary Charter Schools' 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 27, 2020



Annual Financial Statement Audit Report

School Name:	Brighter Choice Elementary Charter Schools
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	Albany City School District
If located in NYC DOE select CSD:	-
School Fiscal Contact Name:	Paul J. Augello, Jr., CPA
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Cusack & Company, CPA's LLC
School Audit Contact Name:	Ken Claflin
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	N/A
Management Letter Response	N/A
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

Brighter Choice Elemenary Charter Schools
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 5,019,493	\$ 3,377,605
Grants and contracts receivable	826,352	653,000
Accounts receivables	-	-
Prepaid Expenses	-	-
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>5,845,845</u>	<u>4,030,605</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 10,508,906	\$ 10,860,648
Restricted Cash	3,144,965	2,937,925
Security Deposits	-	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>13,653,871</u>	<u>13,798,573</u>
TOTAL ASSETS	<u><u>19,499,716</u></u>	<u><u>17,829,178</u></u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 578,188	\$ 745,264
Accrued payroll, payroll taxes and benefits	712,823	614,333
Current Portion of Loan Payable	545,000	520,000
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	35,219	46,959
Other Current Liabilities	-	-
TOTAL CURRENT LIABILITIES	<u>1,871,230</u>	<u>1,926,556</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 13,317,518	\$ 13,852,317
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	881,300	-
TOTAL LONG-TERM LIABILITIES	<u>14,198,818</u>	<u>13,852,317</u>
TOTAL LIABILITIES	<u>16,070,048</u>	<u>15,778,873</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 3,429,668	\$ 2,050,305
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>3,429,668</u>	<u>2,050,305</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>19,499,716</u></u>	<u><u>17,829,178</u></u>

Brighter Choice Elementary Charter Schools
Statement of Activities
as of June 30

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 9,410,269	\$ -	\$ 9,410,269	\$ 9,417,410
State and Local Per Pupil Revenue - SPED	203,706	-	203,706	-
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	319,363	-	319,363	341,777
State and City Grants	-	-	-	175,536
Other Operating Income	99,370	-	99,370	104,965
Food Service/Child Nutrition Program	422,872	-	422,872	620,333
TOTAL OPERATING REVENUE	10,455,580	-	10,455,580	10,660,021
EXPENSES				
Program Services				
Regular Education	\$ 5,672,027	\$ -	\$ 5,672,027	\$ 5,796,962
Special Education	436,961	-	436,961	399,790
Other Programs	1,276,991	-	1,276,991	1,699,192
Total Program Services	7,385,979	-	7,385,979	7,895,944
Management and general	1,770,989	-	1,770,989	1,675,843
Fundraising	-	-	-	-
TOTAL EXPENSES	9,156,968	-	9,156,968	9,571,787
SURPLUS / (DEFICIT) FROM OPERATIONS	1,298,612	-	1,298,612	1,088,234
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ 71,862	\$ -	\$ 71,862	\$ 44,072
Contributions and Grants	-	-	-	-
Fundraising Support	8,888	-	8,888	20,070
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	-	-	-	-
TOTAL SUPPORT AND OTHER REVENUE	80,750	-	80,750	64,142
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	1,379,362	-	1,379,362	1,152,376
NET ASSETS - BEGINNING OF YEAR	\$ 2,050,306	\$ -	\$ 2,050,306	\$ 897,929
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 3,429,668	\$ -	\$ 3,429,668	\$ 2,050,305

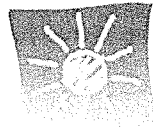
Brighter Choice Elemenary Charter Schools
Statement of Cash Flows

as of June 30

	2020	2019
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,388,130	\$ 1,152,376
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	486,593	469,073
Grants Receivable	(182,121)	(293,439)
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	-	-
Accounts Payable	(167,075)	328,071
Accrued Expenses	-	-
Accrued Liabilities	98,490	38,348
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	(11,740)	41,786
Interest payments	-	-
Other	24,912	24,912
Other	(14,711)	(14,356)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 1,622,478	\$ 1,746,771
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of equipment	(134,850)	(78,705)
Other	(246,928)	(16,077)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (381,778)	\$ (94,782)
CASH FLOWS - FINANCING ACTIVITIES		
Principal payments on long-term debt	(727,040)	(732,745)
Other	1,128,228	16,616
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 401,188	\$ (716,129)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,641,888	\$ 935,860
Cash at beginning of year	3,377,605	2,641,745
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,019,493	\$ 3,577,605

**Brighter Choice Elementary Charter Schools
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	10.00	196,583	-	-	196,583	-	933,505	933,505	1,130,088	1,159,607
Instructional Personnel	53.00	2,741,266	242,467	-	2,983,733	-	-	-	2,983,733	2,792,268
Non-Instructional Personnel	16.00	-	-	470,563	470,563	-	-	-	470,563	582,203
Total Salaries and Staff	79.00	2,937,849	242,467	470,563	3,650,879	-	933,505	933,505	4,584,384	4,534,078
Fringe Benefits & Payroll Taxes		609,156	50,500	98,725	758,381	-	192,495	192,495	950,876	990,804
Retirement		108,654	8,961	17,372	134,987	-	34,554	34,554	169,541	158,650
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	3,404	3,404	3,404	5,623
Accounting / Audit Services		113,044	9,296	17,934	140,274	-	36,079	36,079	176,353	166,342
Other Purchased / Professional /		109,121	8,783	16,334	134,238	-	35,728	35,728	169,966	179,966
Consulting Services										
Building and Land Rent / Lease		475,638	39,385	76,847	591,870	-	150,524	150,524	742,394	762,307
Repairs & Maintenance		246,032	20,293	39,339	305,664	-	78,240	78,240	383,904	408,674
Insurance		53,859	4,455	8,674	66,988	-	17,071	17,071	84,059	76,769
Utilities		101,114	8,337	16,154	125,605	-	32,168	32,168	157,773	155,120
Supplies / Materials		47,901	3,725	6,501	58,127	-	16,300	16,300	74,427	51,093
Equipment / Furnishings		-	-	-	-	-	-	-	-	-
Staff Development		27,085	2,250	4,410	33,745	-	8,540	8,540	42,285	43,181
Marketing / Recruitment		-	-	-	-	-	89,069	89,069	89,069	67,207
Technology		56,291	4,880	10,217	71,388	-	16,780	16,780	88,168	99,103
Food Service		-	-	427,567	427,567	-	-	-	427,567	632,064
Student Services		382,979	-	-	382,979	-	-	-	382,979	622,525
Office Expense		84,555	7,120	14,264	105,939	-	26,203	26,203	132,142	133,399
Depreciation		311,649	25,919	50,936	388,504	-	98,088	98,088	486,592	469,073
OTHER		7,100	590	1,154	8,844	-	2,241	2,241	11,085	15,809
Total Expenses		\$ 5,672,027	\$ 436,961	\$ 1,276,991	\$ 7,385,979	\$ -	\$ 1,770,989	\$ 1,770,989	\$ 9,156,968	\$ 9,571,787



Brighter Choice

CHARTER ELEMENTARY SCHOOLS

for Boys & Girls

October 30, 2020

RE: Management Letter Response

Cusack and Co. CPAs:

Management has reviewed the audit notes and has issued the following response:

1. 5500 filing
 - Brighter Choice has contracted with a new TPA which is in the process of completing past due 5500 filings which were not completed by the prior firm. Filings will be timely moving forward.
2. 403b contributions
 - Brighter Choice is considering alternative provider options, which will allow for the creation of a group plan rather than the individual contracts that are currently in place. This will allow for more control over the plan and more timely contributions.

Respectfully,

Brighter Choice Charter Schools

New York State Education Department

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

2019-20 Budget & Cash Flow Template

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

1	Complete ALL SIX columns in BLUE
2	Enter information into the GRAY cells
3	Cells containing RED triangles in the upper right corner in columns B through G contain guidance on that particular item
4	School district per-pupil tuition information is located on the State Aid website at https://stateaid.nysed.gov/charter/ . Rows may be inserted in the worksheet to accomodate 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.

Brighter Choice Charter School - Girls

PROJECTED BUDGET FOR 2020-2021

PROJECTED BUDGET FOR 2020-2021							Assumptions
July 1, 2020 to June 30, 2021							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	4,963,750	7,483	245,289	5,000	-	5,221,522	
Total Expenses	3,895,172	341,836	289,058	5,000	321,753	4,852,819	
Net Income	1,068,578	(334,353)	(43,769)	-	(321,753)	368,703	
Actual Student Enrollment	281	-	-	-	-	-	
Total Paid Student Enrollment	281	-	-	-	-	281	
PROGRAM SERVICES							
SUPPORT SERVICES							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
REVENUE							
REVENUES FROM STATE SOURCES							
Per Pupil Revenue							
Albany	\$15,718.00					3,027,086	
School District 2 (Cohoes)	\$13,274.00					46,046	
School District 3 (Green Island)	\$13,293.00					46,112	
School District 4 (Lansingburgh)	\$10,696.00					37,103	
School District 5 (Menands)	\$17,232.00					14,944	
School District 6 (North Colonie)	\$11,790.00					10,224	
School District 7 (Ravena)	\$14,255.00					24,724	
School District 8 (Rensselaer)	\$10,689.00					41,018	
School District 9 (Schalmont)	\$14,753.00					25,588	
School District 10 (Schoenectady)	\$12,675.00					527,340	
School District 11 (South Colonie)	\$13,158.00					22,822	
School District 12 (Troy)	\$16,407.00					299,864	
School District 13 (Watervliet)	\$10,478.00					77,010	
	4,199,882	-	-	-	-	4,199,882	
Special Education Revenue	-	-	-	-	-	-	
Grants							
Stimulus	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
Other State Revenue	5,366	-	-	-	-	5,366	State Child Nutrition
TOTAL REVENUE FROM STATE SOURCES	4,205,248	-	-	-	-	4,205,248	
REVENUE FROM FEDERAL FUNDING							
IDEA Special Needs	-	7,483	-	-	-	7,483	
Title I	228,196	-	-	-	-	228,196	Title I \$119,073, Title I Cares Act \$109,123
Title Funding - Other	23,208	-	-	-	-	23,208	Title IIA \$13,208, Title IV \$10,000
School Food Service (Free Lunch)	-	-	245,289	-	-	245,289	Federal Child Nutrition
Grants							
Charter School Program (CSP) Planning & Implementation	-	-	-	-	-	-	
Other	429,300	-	-	-	-	429,300	PPP Forgiveness/Grant
Other Federal Revenue	28,768	-	-	-	-	28,768	CACFP
TOTAL REVENUE FROM FEDERAL SOURCES	709,472	7,483	245,289	-	-	962,244	
LOCAL and OTHER REVENUE							
Contributions and Donations, Fundraising	-	-	-	5,000	-	5,000	Fundraising
Erate Reimbursement	29,030	-	-	-	-	29,030	
Interest Income, Earnings on Investments,	10,000	-	-	-	-	10,000	
NYC-DYCD (Department of Youth and Community Developmt.)	-	-	-	-	-	-	
Food Service (Income from meals)	-	-	-	-	-	-	
Text Book	-	-	-	-	-	-	
Other Local Revenue	10,000	-	-	-	-	10,000	After School Program
TOTAL REVENUE FROM LOCAL and OTHER SOURCES	49,030	-	-	5,000	-	54,030	
TOTAL REVENUE	4,963,750	7,483	245,289	5,000	-	5,221,522	
EXPENSES							List exact titles and staff FTE's (Full time equivalent)
ADMINISTRATIVE STAFF PERSONNEL COSTS	No. of Positions						
Executive Management	-	-	-	-	-	-	
Instructional Management	2.00	194,935	-	-	-	194,935	(1) Principal, (1) Asst Principal
Deans, Directors & Coordinators	3.00	198,663	-	-	-	198,663	(1) Dean, (1) Parent Coord, (1) Instructional Coach
CFO / Director of Finance	0.50	-	-	-	41,226	41,226	(.5) Director of Finance
Operation / Business Manager	0.50	-	-	-	37,125	37,125	(.5) Ops Manager
Administrative Staff	1.00	-	-	-	50,000	50,000	(1) Office Manager
TOTAL ADMINISTRATIVE STAFF	7	393,598	-	-	128,351	521,949	
INSTRUCTIONAL PERSONNEL COSTS							

Brighter Choice Charter School - Girls

PROJECTED BUDGET FOR 2020-2021

July 1, 2020 to June 30, 2021

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

Assumptions

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	4,963,750	7,483	245,289	5,000	-	5,221,522
Total Expenses	3,895,172	341,836	289,058	5,000	321,753	4,852,819
Net Income	1,068,578	(334,353)	(43,769)	-	(321,753)	368,703
Actual Student Enrollment	281	-	-	-	-	-
Total Paid Student Enrollment	281	-	-	-	-	281

PROGRAM SERVICES

SUPPORT SERVICES

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
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Teachers - Regular	17.00	828,823	-	-	-	828,823	(17) Regular Teachers
Teachers - SPED	3.00	-	154,600	-	-	154,600	(3) SPED
Substitute Teachers	1.00	38,297	-	-	-	38,297	(1) Substitute
Teaching Assistants	2.00	69,883	-	-	-	69,883	(2) Teaching Assistants
Specialty Teachers	7.00	352,502	-	-	-	352,502	(1)Art, (1) Music, (1)PE/Dance Inst, (2) RTI, (1) ESL, (1) Character Ed
Aides	-	-	-	-	-	-	
Therapists & Counselors	1.00	50,026	-	-	-	50,026	(1) Social Worker
Other	-	64,200	-	-	-	64,200	Stipends, After School, Summer School, Merit Pay, PTO Buyback
TOTAL INSTRUCTIONAL	31	1,403,731	154,600	-	-	1,558,331	

NON-INSTRUCTIONAL PERSONNEL COSTS

Nurse	0.50	26,670	-	-	-	26,670	(.5) Nurse
Librarian	-	-	-	-	-	-	
Custodian	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
TOTAL NON-INSTRUCTIONAL	1	26,670	-	-	-	26,670	

SUBTOTAL PERSONNEL SERVICE COSTS

PAYROLL TAXES AND BENEFITS

Payroll Taxes		165,498	14,027	-	-	11,646	191,171
Fringe / Employee Benefits		303,410	25,717	-	-	21,350	350,477
Retirement / Pension		70,988	6,017	-	-	4,995	82,000
TOTAL PAYROLL TAXES AND BENEFITS		539,896	45,761	-	-	37,991	623,648

TOTAL PERSONNEL SERVICE COSTS

CONTRACTED SERVICES

Accounting / Audit		-	-	-	-	69,500	69,500	Accounting \$47,500 & Audit \$22,000
Legal		-	-	-	-	10,000	10,000	Legal
Management Company Fee		-	-	-	-	-	-	
Nurse Services		-	-	-	-	-	-	
Food Service / School Lunch		-	-	289,058	-	-	289,058	School Food Authority \$9,500, Child Nutrition Program \$279,558
Payroll Services		8,265	665	-	-	570	9,500	Payroll Services
Special Ed Services		-	30,000	-	-	-	30,000	Special Ed Services
Titlement Services (i.e. Title I)		13,950	1,050	-	-	-	15,000	Titlement Services
Other Purchased / Professional / Consulting		61,335	4,935	-	-	4,230	70,500	Technology Consultant \$20k, E-Rate \$6,500, Data Mgmt \$24k, Other Consultants \$20k
TOTAL CONTRACTED SERVICES		83,550	36,650	289,058	-	84,300	493,558	

SCHOOL OPERATIONS

Board Expenses		-	-	-	-	-	-	
Classroom / Teaching Supplies & Materials		20,088	1,512	-	-	-	21,600	Classroom Teaching Supplies
Special Ed Supplies & Materials		-	-	-	-	-	-	
Textbooks / Workbooks		11,160	840	-	-	-	12,000	Textbooks & Workbooks
Supplies & Materials other		3,720	280	-	-	-	4,000	Library Books
Equipment / Furniture		1,740	140	-	-	120	2,000	Equipment/Furniture
Telephone		28,710	2,310	-	-	1,980	33,000	Telephones/Internet \$26k, Cell Phones \$7k
Technology		33,060	2,660	-	-	2,280	38,000	Technology Hardware \$8k, Software \$30k
Student Testing & Assessment		9,300	700	-	-	-	10,000	Student Testing
Field Trips		4,650	350	-	-	-	5,000	Field Trips
Transportation (student)		142,268	10,708	-	-	-	152,976	Student Transportation
Student Services - other		48,128	3,623	-	-	-	51,750	Uniforms \$13k, Special Events \$34,750, Student Recognition \$2k, Cheerleading \$2k
Office Expense		49,590	3,990	-	-	3,420	57,000	Printing & Copying \$28k, Postage/Shipping \$5k, Office Expenses \$24k
Staff Development		20,010	1,610	-	-	1,380	23,000	Staff Development \$15k, Staff Recognition \$8k
Staff Recruitment		5,220	420	-	-	360	6,000	Staff Recruitment \$5k, Background Checks \$1k
Student Recruitment / Marketing		51,150	3,850	-	-	-	55,000	Student Recruitment/Advertising \$50k, ELL Refugee Outreach \$5k
School Meals / Lunch		-	-	-	-	-	-	
Travel (Staff)		-	-	-	-	-	-	
Fundraising		-	-	-	5,000	-	5,000	Fundraising

Brighter Choice Charter School - Girls

PROJECTED BUDGET FOR 2020-2021

PROJECTED BUDGET FOR 2020-2021							Assumptions
July 1, 2020 to June 30, 2021							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	4,963,760	7,483	245,289	5,000	-	5,221,522	
Total Expenses	3,895,172	341,836	289,058	5,000	321,753	4,852,819	
Net Income	1,068,578	(334,353)	(43,769)	-	(321,753)	368,703	
Actual Student Enrollment	281	-				-	
Total Paid Student Enrollment	281	-				281	
PROGRAM SERVICES							
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL	
Other	7,743	623	-	-	534	8,900	Other \$1k, Bank Charges \$3,400, Misc Fees \$1,500, Dues & Memberships \$3k
TOTAL SCHOOL OPERATIONS	436,536	33,616	-	5,000	10,074	485,226	
FACILITY OPERATION & MAINTENANCE							
Insurance	54,810	4,410	-	-	3,780	63,000	GL, Business Owners, WC
Janitorial	106,140	8,540	-	-	7,320	122,000	Janitorial
Building and Land Rent / Lease	302,449	24,335	-	-	20,859	347,643	Bond Interest \$347,643
Repairs & Maintenance	115,710	9,310	-	-	7,980	133,000	Repairs and Maintenance
Equipment / Furniture	69,600	5,600	-	-	4,800	80,000	Equipment/Furniture
Security	2,610	210	-	-	180	3,000	Security
Utilities	4,002	322	-	-	276	4,600	Gas & Electric
TOTAL FACILITY OPERATION & MAINTENANCE	655,321	52,727	-	-	45,195	753,243	
DEPRECIATION & AMORTIZATION	229,712	18,483	-	-	15,842	264,037	Depreciation \$251,581, Amortization \$12,456
DISSOLUTION ESCROW & RESERVES / CONTIGENCY	126,157	-	-	-	-	126,157	Reserve & Contingency
TOTAL EXPENSES	3,895,172	341,836	289,058	5,000	321,753	4,852,819	
NET INCOME	1,068,578	(334,353)	(43,769)	-	(321,753)	368,703	
ENROLLMENT - *School Districts Are Linked To Above Entries*							
	REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED				
A bany	193		193				
School District 2 (Cohoes)	3		3				
School District 3 (Green Island)	3		3				
School District 4 (Lansingburgh)	3		3				
School District 5 (Menands)	1		1				
School District 6 (North Colonie)	1		1				
School District 7 (Ravena)	2		2				
School District 8 (Rensselaer)	4		4				
School District 9 (Schalmont)	2		2				
School District 10 (Schnectady)	42		42				
School District 11 (South Colonie)	2		2				
School District 12 (Troy)	18		18				
School District 13 (Watervliet)	7		7				
TOTAL ENROLLMENT	281	-	281				
REVENUE PER PUPIL	17,665	-	873				
EXPENSES PER PUPIL	13,862	-	1,029				

Statement of Account

Last statement: August 31, 2020
This statement: September 30, 2020
Total days in statement period: 30

Page 1 of 1

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS
250 CENTRAL AVE
ALBANY NY 12206-2610

Direct inquiries to:
800-773-5601 OR
BERKSHIREBANK.COM

Berkshire Bank
PO Box 1308
Pittsfield, MA 01202-1308

0

Summary of Account Balance

Account	Number	Ending Balance
Corporate Checking		\$100,000.00

Corporate Checking

Account number

Date	Description	Additions	Subtractions	Balance
08-31	Beginning balance			\$100,000.00
09-30	Ending totals	.00	.00	\$100,000.00

** No activity this statement period **

IMPORTANT INFORMATION REGARDING THIS STATEMENT

PLEASE EXAMINE THIS STATEMENT AND ANY ENCLOSURES AT ONCE. This statement will be considered correct unless we are notified otherwise within 30 days from receipt of this statement.

NOTIFICATION OF CONSUMER CREDIT REPORT INACCURACY. The following is the address to which a consumer may write to notify the Bank of a dispute in completeness or accuracy of information reported by the Bank to a consumer credit reporting agency. Please include all details regarding the specific inaccuracy.

Berkshire Bank
Servicing Dept.
PO Box 1308
Pittsfield, MA 01202-1308

BILLING RIGHTS SUMMARY

WHAT TO DO IF YOU THINK YOU FIND A MISTAKE ON YOUR STATEMENT OR NEED INFORMATION.

If you think there is an error on your statement or if you would like to request information regarding your account, write to us at:

Berkshire Bank
Loan Servicing Department
PO Box 1308
Pittsfield, MA 01202

In your letter, give us the following information:

- Account information: Your name and account number.
- Dollar amount: The dollar amount of the suspected error.
- Description of Problem: If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us within 60 days after the error appeared on your statement. You must notify us of any potential errors in writing.

You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

While we investigate whether or not there has been an error, the following are true:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount. But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

COMPUTATION OF AVERAGE DAILY BALANCE AND INTEREST CHARGE. We figure the interest charge on your account by applying the periodic rate to the "average daily balance" of your account. To get the "average daily balance" we take the beginning balance of your account each day, add any new advances, and subtract any payments or credits. This gives us the daily balance. Then, we add up all the daily balances for the billing cycle and divide the total number of days in the billing cycle. This gives us the "average daily balance".

ERROR RESOLUTION NOTICE – CONSUMER ACCOUNTS ONLY

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS. Telephone us toll-free in MA at 1-800-773-5601 or write us at BERKSHIRE BANK ATTN: ELECTRONIC BANKING, P.O. BOX 1308, PITTSFIELD MA 01202-1308, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt. We must hear from you no later than 60 days after we sent you this FIRST statement on which the error or problem appeared.

- Tell us your name and account number (if any).
- Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days to do this, we will credit your account for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation.

TO BALANCE YOUR ACCOUNT

OUTSTANDING DRAFTS	
NO.	AMOUNT
Total Enter in Step 9	

1. Deduct from your checkbook balance any service charge or other charge originated by us.
2. If this is an interest bearing account, add interest posted on this statement to your checkbook balance.
3. Place a mark in your checkbook next to each paid check.
4. List in the "outstanding drafts" section at left any drafts issued by you and not yet paid by us.
5. Add to your checkbook Reddi-Cash deposits identified as "LOC LOAN" in the checking account portion of the statement.
6. Enter here the current balance as shown by bank statement.....
7. Enter here all deposits made not shown on bank statement.....
8. Add amount in "step 6" to amount in "step 7" and enter total here.....
9. Enter total amount of outstanding drafts.....
10. Subtract amount in "step 9" from amount in "step 8" and enter result (balance in "step 10" should agree with your check book balance).....



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