

September 28, 2020

The Board of Trustees and Management  
Enterprise Charter School

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

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

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

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

*Lumsden & McCormick, LLP*

**ENTERPRISE CHARTER SCHOOL**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Enterprise Charter School

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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

September 28, 2020

## ENTERPRISE CHARTER SCHOOL

### Balance Sheets

June 30,	2020	2019
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 5,531,302	\$ 5,376,644
Receivables (Note 2)	209,968	155,265
Prepaid expenses	62,946	68,189
	<u>5,804,216</u>	<u>5,600,098</u>
Property and equipment, net (Note 3)	5,869,669	6,037,958
Restricted cash (Note 4)	950,329	938,554
Deferred lease commissions (Note 5)	32,983	37,285
	<u>\$ 12,657,197</u>	<u>\$ 12,613,895</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt (Note 7)	\$ 107,471	\$ 102,472
Accounts payable and accrued expenses	509,568	608,274
Deferred revenue	12,502	11,452
	<u>629,541</u>	<u>722,198</u>
Long-term debt (Note 7)	5,911,953	6,019,425
<b>Net assets:</b>		
Without donor restrictions (Note 8)	6,085,703	5,872,272
With donor restrictions (Note 8)	30,000	-
	<u>6,115,703</u>	<u>5,872,272</u>
	<u>\$ 12,657,197</u>	<u>\$ 12,613,895</u>

See accompanying notes.

# ENTERPRISE CHARTER SCHOOL

## Statements of Activities

For the years ended June 30,	2020	2019
<b>Change in net assets without donor restrictions:</b>		
Support and revenue:		
Enrollment fees:		
Resident students	\$ 5,396,945	\$ 5,328,048
Resident students with disabilities	228,711	281,065
Additional state aid	-	109,507
Contributions:		
Federal awards	236,306	299,386
Foundation and other local awards	76,000	46,400
Rental income	152,017	174,792
Other income	94,913	61,774
Total support and revenue	<u>6,184,892</u>	<u>6,300,972</u>
Expenses:		
Program expenses:		
Regular education	3,945,285	3,826,891
Special education	302,819	485,725
Other programs	444,076	397,682
Total program expenses	<u>4,692,180</u>	<u>4,710,298</u>
Supporting services:		
Management and general	1,279,281	1,347,237
Total expenses	<u>5,971,461</u>	<u>6,057,535</u>
Change in net assets without donor restrictions	<u>213,431</u>	<u>243,437</u>
<b>Change in net assets with donor restrictions:</b>		
Contributions	<u>30,000</u>	-
Change in net assets	<u>243,431</u>	<u>243,437</u>
Net assets - beginning	<u>5,872,272</u>	<u>5,628,835</u>
Net assets - ending	<u>\$ 6,115,703</u>	<u>\$ 5,872,272</u>

See accompanying notes.

ENTERPRISE CHARTER SCHOOL

**Statements of Functional Expenses**

For the years ended June 30,

	2020					Total
	Number of positions	Regular Education	Special Education	Other Programs	Management and General	
Instructional personnel	43.0	\$ 1,685,805	\$ 82,150	\$ 43,524	\$ -	\$ 1,811,479
Non-instructional personnel	18.0	-	-	229,644	805,410	1,035,054
Total salaries	61.0	\$ 1,685,805	\$ 82,150	\$ 273,168	\$ 805,410	\$ 2,846,533
Salaries		\$ 1,685,805	\$ 82,150	\$ 273,168	\$ 805,410	\$ 2,846,533
Employee benefits and payroll taxes		318,694	15,553	51,663	152,243	538,153
Retirement benefits		150,112	7,326	24,334	71,710	253,482
Consultants		199,632	103,638	-	-	303,270
Professional fees		32,625	-	-	69,922	102,547
Insurance		58,150	3,634	3,634	7,269	72,687
Supplies and materials		160,385	7,822	-	-	168,207
Student services		56,335	2,742	9,126	-	68,203
Transportation		19,388	944	3,141	-	23,473
Repairs and maintenance		187,229	11,702	11,702	23,403	234,036
Staff development		24,116	1,507	1,507	3,015	30,145
Meetings, conferences, and travel		5,739	359	359	717	7,174
Office expenses		47,185	2,949	2,949	5,898	58,981
Postage and delivery		6,378	399	399	796	7,972
Payroll processing fees		-	-	-	14,719	14,719
Contracted services		10,927	683	683	1,366	13,659
Dues and subscriptions		8,715	545	545	1,089	10,894
Telephone and internet		17,981	1,124	1,124	2,247	22,476
Utilities		99,549	6,222	6,222	12,443	124,436
Technology		65,790	4,112	4,112	8,223	82,237
Advertising		1,763	110	110	221	2,204
Interest		408,302	25,519	25,519	51,038	510,378
Other		13,555	846	846	1,686	16,933
		3,578,355	279,886	421,143	1,233,415	5,512,799
Depreciation and amortization		366,930	22,933	22,933	45,866	458,662
Total		\$ 3,945,285	\$ 302,819	\$ 444,076	\$ 1,279,281	\$ 5,971,461

See accompanying notes.



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2019					
Number of positions	Regular Education	Special Education	Other Programs	Management and General	Total
56.0	\$ 1,803,265	\$ 219,849	\$ 39,959	\$ -	\$ 2,063,073
20.0	-	-	199,143	841,129	1,040,272
76.0	\$ 1,803,265	\$ 219,849	\$ 239,102	\$ 841,129	\$ 3,103,345
	\$ 1,803,265	\$ 219,849	\$ 239,102	\$ 841,129	\$ 3,103,345
	316,548	38,561	41,938	147,598	544,645
	191,299	23,303	25,344	89,199	329,145
	-	98,382	-	-	98,382
	25,525	-	-	51,185	76,710
	84,490	5,281	5,281	10,561	105,613
	125,104	15,241	-	-	140,345
	70,559	8,604	9,357	-	88,520
	14,661	1,788	1,944	-	18,393
	155,017	9,689	9,689	19,376	193,771
	24,725	1,545	1,545	3,091	30,906
	9,824	614	614	1,229	12,281
	39,440	2,465	2,465	4,930	49,300
	5,116	320	320	639	6,395
	-	-	-	58,134	58,134
	10,823	676	676	1,354	13,529
	10,001	625	625	1,250	12,501
	28,756	1,797	1,797	3,595	35,945
	100,706	6,294	6,294	12,589	125,883
	27,658	1,729	1,729	3,456	34,572
	2,074	130	130	259	2,593
	415,882	25,993	25,993	51,985	519,853
	20,976	1,311	1,311	2,623	26,221
	3,482,449	464,197	376,154	1,304,182	5,626,982
	344,442	21,528	21,528	43,055	430,553
	\$ 3,826,891	\$ 485,725	\$ 397,682	\$ 1,347,237	\$ 6,057,535

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# ENTERPRISE CHARTER SCHOOL

## Statements of Cash Flows

For the years ended June 30,	2020	2019
<b>Operating activities:</b>		
Cash received from enrollment fees	\$ 5,420,224	\$ 5,717,958
Cash received from contributions	494,085	318,232
Cash received from rental activities	152,017	174,792
Cash received from other sources	94,913	61,774
Payments to employees for services and benefits	(3,777,166)	(3,938,929)
Payments to vendors and suppliers	(1,316,444)	(1,113,487)
Interest paid	(512,652)	(519,853)
<b>Net operating activities</b>	<b>554,977</b>	<b>700,487</b>
<b>Investing activities:</b>		
Property and equipment expenditures	(286,071)	(232,365)
<b>Financing activities:</b>		
Payments on long-term debt	(102,473)	(92,473)
<b>Net change in cash</b>	<b>166,433</b>	<b>375,649</b>
Cash and restricted cash - beginning	6,315,198	5,939,549
Cash and restricted cash - ending	\$ 6,481,631	\$ 6,315,198

See accompanying notes.

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### Organization and Purpose

Enterprise Charter School (the School) operates a charter school in the City of Buffalo, New York (the City) pursuant to its Charter Agreement with the Education Department of the State of New York. The School has been chartered through June 2021 and continued operations are contingent upon approval of its charter renewal. The School currently offers classes from kindergarten through grade 8.

#### New Accounting Standards Adopted

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

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

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

As a result of the standard adoptions, the School recognized an additional \$30,000 of donor restricted contribution revenue in 2020.

#### Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through September 28, 2020, the date the financial statements were available to be issued.

#### Cash

Cash in financial institutions potentially subjects the School to concentrations of credit risk, since it may exceed insured limits at various times throughout the year. The School complies with a requirement to hold no less than \$75,000 in an escrow account to pay legal and audit expenses that would be associated with dissolution should it occur.

#### Property and Equipment

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

#### Revenue Recognition

##### Enrollment Fees

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

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

### Contributions

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

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

### Receivables

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

### Income Taxes

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

### Transportation

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

### Use of Estimates

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

### Functional Expense Allocation

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

### 2. Receivables

	2020	2019
Contributions	\$ -	\$ 150,729
Enrollment fees	209,968	4,536
	<u>\$ 209,968</u>	<u>\$ 155,265</u>

Receivables at June 30, 2020 essentially represent amounts withheld by the District for disputed rates of special education services provided by the School from 2008 through 2018 (Note 13).

### 3. Property and Equipment

	2020	2019
Building and improvements	\$ 8,017,877	\$ 7,852,334
Furniture and equipment	1,477,015	1,356,487
Books	163,869	163,869
Vehicles	20,751	20,751
	<u>9,679,512</u>	<u>9,393,441</u>
Less accumulated depreciation	3,809,843	3,355,483
	<u>\$ 5,869,669</u>	<u>\$ 6,037,958</u>

### 4. Restricted Cash

The following cash accounts are held by a trustee in compliance with the issuance of 2011 Series bonds (Note 7):

	2020	2019
Debt service fund	\$ 635,500	\$ 636,497
Repair and replacement fund	200,000	203,474
Custodian account	114,829	98,583
	<u>\$ 950,329</u>	<u>\$ 938,554</u>

## 5. Deferred Lease Commissions

On August 8, 2018, the School entered into an agreement with a tenant to renew the lease on a building on the School's campus. The lease is for 10 years effective March 1, 2018 with a termination date of February 29, 2028. Lease commissions in the amount of \$43,021 were paid to a broker and will be amortized over 10 years, the term of the lease. Amortization expense of the lease commissions was \$4,302 for each of the years ended June 30, 2020 and 2019.

## 6. Line of Credit

The School has available an unsecured \$450,000 working capital bank demand line of credit with interest payable at one-month LIBOR plus 3.25%. There were no borrowings outstanding at June 30, 2020 and 2019.

## 7. Long-Term Debt

	2020	2019
Erie County Industrial Development Agency Facility Revenue Bonds (Enterprise Charter School Project), Series 2011A (tax exempt) Bonds, annual gross principal installments ranging from \$90,000 to \$590,000 plus interest ranging from 6.0% to 7.5%, final payment due December 2040.	\$ 6,485,000	\$ 6,610,000
Less unamortized debt issuance costs	465,576	488,103
	<u>6,019,424</u>	<u>6,121,897</u>
Less current portion	107,471	102,472
	<u>\$ 5,911,953</u>	<u>\$ 6,019,425</u>

In February 2011, the School entered into an installment sale agreement with Erie County Industrial Development Agency (ECIDA), principally to finance the cost to acquire and renovate buildings to be used for the operation of the School. To finance the project, ECIDA authorized the sale of Revenue Bonds in the aggregate amount of \$7,345,000 under a trust indenture with a bank trustee. The sale is secured by mortgage and security agreements granting the trustee a mortgage lien on and security interest in the facility and the other mortgaged property. The bonds are further secured by the debt service fund (Note 4).

Debt issuance costs are amortized as interest expense over the remaining term of the bonds. Amortization of debt issuance costs for each of the years ended June 30, 2020 and 2019 was \$22,527.

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

2021	\$ 107,471
2022	117,473
2023	132,473
2024	142,473
2025	157,473
Thereafter	<u>5,362,061</u>
	<u>\$ 6,019,424</u>

The bond agreements include restrictive covenants relative to debt service coverage and liquidity ratios.

## 8. Net Assets

The Board of Trustees has designated \$600,000 of net assets without donor restrictions for future nonoperational purposes.

Net assets with donor restrictions include contributions received from a local foundation that are restricted for operating purposes related to fiscal 2021.

## 9. Retirement Plans

The School participates in the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS) (the Systems), which are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

### New York State Teachers' Retirement System:

TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from TRS at [www.nystrs.org](http://www.nystrs.org).

### **New York State and Local Employees' Retirement System:**

ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from ERS at [www.osc.state.ny.us/retire](http://www.osc.state.ny.us/retire).

### **Funding Policies:**

No employee contribution is required for those whose service began prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009.

Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3% (ERS) or 3.5% (TRS) of compensation throughout their active membership in the Systems. Participants whose service began on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation.

For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the School to the pension accumulation fund. The rate ranges from 9.3% to 15.8% for 2020 and 2019, dependent on the participant's tier. Required contributions for ERS were \$77,079 and \$77,942 for the years ended June 30, 2020 and 2019.

Pursuant to Article 11 of Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board at an actuarially determined rate. The rate is 8.86% of the annual covered payroll for the year ended June 30, 2020, and 10.62% for the year ended June 30, 2019. The required contributions for TRS were \$176,403 and \$251,203 for the years ended June 30, 2020 and 2019.

### **10. Rental Income**

The School leases space to various organizations under the terms of non-cancellable operating leases. Rental revenue for these leases totaled \$152,017 and \$174,792 for the years ended June 30, 2020 and 2019.

Future minimum annual rentals receivable under these leases are:

2021	\$	131,430
2022		121,844
2023		121,844
2024		121,844
2025		121,844
Thereafter		324,917
	\$	943,723

### **11. Lease Obligations**

The School entered into an equipment operating lease agreement that requires minimum annual lease payments of \$13,584 through 2021. Rental expense was \$13,659 and \$13,529 for the years ended June 30, 2020 and 2019.

### **12. Financial Assets Available for Operating Purposes**

The School obtains financial assets generally through enrollment fees, contributions, and rental income. The financial assets are acquired throughout the year to help meet the School's cash needs for general expenditures. If necessary, the School also has access to a \$450,000 bank demand line of credit (Note 6).

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

	2020	2019
Cash available for operations	\$ 5,426,302	\$ 5,301,644
Receivables	209,968	155,265
	<u>\$ 5,636,270</u>	<u>\$ 5,456,909</u>

### 13. Contingency

In 2019, an audit by the Office of the New York State Comptroller determined the District had provided incorrect special education rates for over a decade. As a result, there is a dispute with the rate used for aid that passes through the District to the School for special education services. In February 2020, the District informed the School of its intent to recoup approximately \$420,000 in special education aid paid over the past decade of which approximately \$210,000 was recouped through June 30, 2020. This recoupment, in the amount of approximately \$210,000 (Note 2), has been recorded as a receivable at June 30, 2020 in the accompanying financial statements.

In April 2020, a court ruling determined that charter schools must first exhaust administrative remedies by submitting a State intercept form to the New York State Education Department Commissioner (the Commissioner) to recover monies withheld from the School. Consequently, the School has submitted a State intercept to the Commissioner and is following the administrative procedures to resolve the matter. No liability is recorded in these financial statements as management believes the School will be successful in challenging the District's recoupment of funds through the State administrative procedure.

### 14. Risks and Uncertainties due to COVID-19

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

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

In July 2020, the School received a loan of \$746,635 from the Small Business Administration under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act. Some or all of the loan may be forgiven if certain criteria is met. Otherwise, the loan is unsecured, bears interest at 1%, and is payable over a negotiable period of time.

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

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

The Board of Trustees  
Enterprise Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Enterprise Charter School (the School), which comprise the balance sheet as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2020.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



**Purpose of this Report**

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



September 28, 2020

## Enterprise Charter School

Contact Name: Lisa Kirsits  
 Contact Email: [lisak@kirsitscpa.com](mailto:lisak@kirsitscpa.com)  
 Contact Phone: 716.881.0089 ext. 302  
 Term: July 1, 2020 to June 30, 2021

### PROJECTED BUDGET FOR RENEWAL CHARTER PERIOD

### DESCRIPTION OF ASSUMPTIONS

Note: The completion of this section is mandatory as this additional information is essential for NYSED to follow the assumptions in your budget.

<b>Total Revenue</b>	6,275,701
<b>Total Expenses</b>	6,260,218
<b>Net Income (Before Cash Flow Adjustments)</b>	15,483
<b>Actual Student Enrollment</b>	402
<b>Total Paid Student Enrollment</b>	-

#### Year 1 2020-2021

Note: Please insert additional detail lines as appropriate.

#### REVENUE

#### Per Pupil

**0.0%**

<https://stateaid.ny.gov/>

#### REVENUES FROM STATE SOURCES

Per Pupil Revenue:

CY Per Pupil Rate

School District 1 (Buffalo)	13,200
School District 2 (Cheektowaga/Sloan)	12,530
School District 3 (Cleveland Hill School)	11,582
School District 4 (Kenmore)	10,058
School District 5 (Sweethome)	13,289
School District 6 (Williamsville)	12,087
School District - ALL OTHER	11,435
<b>TOTAL Per Pupil Revenue (Average Districts Per Pupil Funding)</b>	<b>12,026</b>

4,989,600
62,650
46,328
70,406
39,867
24,174
34,306
5,267,331

Enrollment: 378 students, State Aid per student: \$13,200  
 Enrollment: 5 students  
 Enrollment: 4 students  
 Enrollment: 7 students  
 Enrollment: 3 students  
 Enrollment: 2 students  
 Enrollment: 3 students

TOTAL Per Pupil Revenue (Average Districts Per Pupil Funding)

Special Education Revenue

Grants

Other

TOTAL REVENUE FROM STATE SOURCES

235,511
-
5,502,842

25 students < 20% (\$ 0 reimb), 23 students 20%-59%

#### REVENUE FROM FEDERAL FUNDING

IDEA Special Needs

Title I

Title Funding - Other

School Food Service (Free Lunch)

Grants

TOTAL REVENUE FROM FEDERAL SOURCES

-
269,431
54,000
-
247,418
570,849

Current year: \$223,701, CF from 19-20: \$45,730  
 Current year: \$42,000, CF from 19-20: \$12,000

#### LOCAL and OTHER REVENUE

Contributions and Donations

Fundraising

Erate Reimbursement

Earnings on Investments

Interest Income

Food Service (Income from meals)

Text Book

OTHER

TOTAL REVENUE FROM LOCAL and OTHER SOURCES

-
900
28,640
-
5,000
-
-
167,470
202,010

Rental revenue: \$150,470, Uniform revenue: \$17,000

#### TOTAL REVENUE

**6,275,701**

EXPENSES

ADMINISTRATIVE STAFF PERSONNEL COSTS

	No. of Positions		
Executive Management	-	-	
Instructional Management	-	-	
Deans, Directors & Coordinators	7.00	541,980	2% salary increase
CFO / Director of Finance	-	-	
Operation / Business Manager	-	-	
Administrative Staff	4.00	149,830	2% salary increase
TOTAL ADMINISTRATIVE STAFF	11.00	691,810	

INSTRUCTIONAL PERSONNEL COSTS

Teachers - Regular	24.00	1,083,675	2% salary increase
Teachers - SPED	2.00	84,690	2% salary increase
Substitute Teachers	-	-	
Teaching Assistants	4.00	134,850	2% salary increase
Specialty Teachers	12.00	554,060	2% salary increase
Aides	-	-	
Therapists & Counselors	1.00	53,330	2% salary increase
Other	-	-	
TOTAL INSTRUCTIONAL	43.00	1,910,605	

NON-INSTRUCTIONAL PERSONNEL COSTS

Nurse	1.00	52,540	2% salary increase
Librarian	1.00	50,690	2% salary increase
Custodian	4.00	165,950	2% salary increase
Security	-	-	
Other	-	-	
TOTAL NON-INSTRUCTIONAL	6.00	269,180	

SUBTOTAL PERSONNEL SERVICE COSTS

60.00	2,871,595
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PAYROLL TAXES AND BENEFITS

Payroll Taxes	301,500	3% increase
Fringe / Employee Benefits	352,220	3% increase
Retirement / Pension	313,748	3% increase
TOTAL PAYROLL TAXES AND BENEFITS	967,468	

TOTAL PERSONNEL SERVICE COSTS

60.00	3,839,063
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CONTRACTED SERVICES

Accounting / Audit	50,150	3% increase
Legal	10,760	3% increase
Management Company Fee	-	
Nurse Services	-	
Food Service / School Lunch	-	
Payroll Services	74,400	3% increase
Special Ed Services	104,330	3% increase
Titlment Services (i.e. Title I)	-	
Related service provider costs not reimbursed by the district of residence	-	
Other Purchased / Professional / Consulting	87,000	3% increase
TOTAL CONTRACTED SERVICES	326,640	

SCHOOL OPERATIONS

Board Expenses	1,100	3% increase
Classroom / Teaching Supplies & Materials	25,750	3% increase
Special Ed Supplies & Materials	-	
Textbooks / Workbooks	59,000	3% increase
Supplies & Materials other	-	
Equipment / Furniture	-	
Telephone	-	
Technology	117,540	3% increase
Student Testing & Assessment	27,190	3% increase
Field Trips	10,050	3% increase
Transportation (student)	53,530	3% increase
Student Services - other	18,000	3% increase
Office Expense	62,670	3% increase
Staff Development	101,950	3% increase
Staff Recruitment	-	
Student Recruitment / Marketing	40,400	3% increase
School Meals / Lunch	-	
Travel (Staff)	-	
Fundraising	-	
Other	574,505	Uniforms, Meeting, Dues & Memberships, and Conferences expense

TOTAL SCHOOL OPERATIONS	1,091,685	
<b>FACILITY OPERATION &amp; MAINTENANCE</b>		
Insurance	83,080	3% increase in expenses in CY and future years
Janitorial	-	
Building and Land Rent / Lease	-	
Repairs & Maintenance	232,000	3% increase in expenses in CY and future years
Equipment / Furniture	-	
Security	-	
Utilities	177,750	Telephone/internet: \$48,620. Other Utilities: \$129,130
TOTAL FACILITY OPERATION & MAINTENANCE	492,830	
<b>DEPRECIATION &amp; AMORTIZATION</b>		
Depreciation	510,000	
TOTAL DEPRECIATION AND AMORTIZATION	510,000	
*****TOTAL FUNDS IN DISSOLUTION ESCROW & RESERVES / CONTIGENCY	-	<i>\$100,000 by December 31st of YR 2 (2022-2023). You should already</i>
<b>TOTAL EXPENSES</b>	<b>6,260,218</b>	
<b>NET INCOME</b>	<b>15,483</b>	
<b>ENROLLMENT - *School Districts Are Linked To Above Entries*</b>		Add as many school districts as necessary.
School District 1 (Buffalo)	378	
School District 2 (Cheektowaga/Sloan)	5	
School District 3 (Cleveland Hill School)	4	
School District 4 (Kenmore)	7	
School District 5 (Sweethome)	3	
School District 6 (Williamsville)	2	
School District - ALL OTHER	3	
<b>TOTAL ENROLLMENT</b>	<b>402</b>	
<b>REVENUE PER PUPIL</b>	<b>15,611</b>	
<b>EXPENSES PER PUPIL</b>	<b>15,573</b>	
<b>CASH FLOW ADJUSTMENTS</b>		
OPERATING ACTIVITIES		
Example - Add Back Depreciation	510,000	
Other	-	
Total Operating Activities	510,000	
INVESTMENT ACTIVITIES		
Example - Subtract Property and Equipment Expenditures	(370,000)	Capital Purchases: \$245,000. Principal payments on bldg: \$125,000
Other	(150,000)	Reserve for debt service
Total Investment Activities	(520,000)	
FINANCING ACTIVITIES		
Example - Add Expected Proceeds from a Loan or Line of Credit	-	
Other	-	
Total Financing Activities	-	
<b>Total Cash Flow Adjustments</b>	<b>(10,000)</b>	
<b>NET INCOME</b>	<b>5,483</b>	
<b>Beginning Cash Balance</b>	-	
<b>ENDING CASH BALANCE</b>	<b>5,483</b>	