

Board of Trustees
New Heights Academy Charter School

Auditors' Communication on Internal Control

In planning and performing our audit of the financial statements of New Heights Academy 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 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 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.

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 deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the audit committee, the Board of Trustees, the New York City Department of Education, and the State Education Department of the State University of New York, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP

Harrison, New York
September 17, 2020

New Heights Academy Charter School

Financial Statements

June 30, 2020 and 2019

Independent Auditors' Report

Board of Trustees
New Heights Academy Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of New Heights Academy Charter School (the "School"), which comprise the statements of financial position 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 its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 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, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the School's 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.

PKF O'Connor Davies, LLP

Harrison, New York
September 17, 2020

New Heights Academy Charter School

Statements of Financial Position

	June 30,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 5,151,248	\$ 3,739,015
Grants and contracts receivable	603,588	414,826
Prepaid expenses and other receivables	<u>162,321</u>	<u>77,027</u>
Total Current Assets	5,917,157	4,230,868
 Property and equipment, net	 2,718,469	 2,401,604
Restricted cash	75,740	75,740
Security deposits	<u>693,732</u>	<u>693,732</u>
	<u><u>\$ 9,405,098</u></u>	<u><u>\$ 7,401,944</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 213,925	\$ 419,835
Accrued payroll and payroll taxes	770,219	794,276
Deferred rent, current portion	<u>240,716</u>	<u>-</u>
Total Current Liabilities	1,224,860	1,214,111
 Paycheck Protection Program loan payable	 1,767,115	 -
Deferred rent	<u>109,715</u>	<u>61,421</u>
Total Liabilities	3,101,690	1,275,532
 Net assets, without donor restrictions	 <u>6,303,408</u>	 <u>6,126,412</u>
	<u><u>\$ 9,405,098</u></u>	<u><u>\$ 7,401,944</u></u>

See notes to financial statements

New Heights Academy Charter School

Statements of Activities

	Year Ended June 30,	
	2020	2019
REVENUE AND SUPPORT		
State and local per pupil operating revenue	\$ 13,922,567	\$ 13,371,298
Federal grants	638,074	913,495
Federal IDEA and E-Rate	157,861	133,847
State and city grants	64,465	66,013
Contributions and grants	11,123	22,180
Interest and other income	12,606	16,083
Total Revenue and Support	<u>14,806,696</u>	<u>14,522,916</u>
EXPENSES		
Program Services		
Regular education	10,103,052	9,955,146
Special education	2,973,574	2,657,105
Supplemental education	290,163	234,340
Total Program Services	<u>13,366,789</u>	<u>12,846,591</u>
Supporting Services		
Management and general	1,214,663	1,306,636
Fundraising	48,248	48,856
Total Expenses	<u>14,629,700</u>	<u>14,202,083</u>
Change in Net Assets	176,996	320,833
NET ASSETS		
Beginning of year	<u>6,126,412</u>	<u>5,805,579</u>
End of year	<u>\$ 6,303,408</u>	<u>\$ 6,126,412</u>

See notes to financial statements

New Heights Academy Charter School

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services				Supporting Services		Total
	Regular Education	Special Education	Supplemental Education	Total	Management and General	Fundraising	
Salaries	\$ 5,351,727	\$ 1,794,494	\$ 213,958	\$ 7,360,179	\$ 528,158	\$ 13,543	\$ 7,901,880
Employee benefits and payroll taxes	1,246,669	418,022	49,840	1,714,531	123,033	3,155	1,840,719
Auditing/accounting fees	-	-	-	-	21,250	-	21,250
Professional fees	91,260	-	-	91,260	10,140	-	101,400
Legal fees	-	-	-	-	5,965	-	5,965
Consultants - temps	31,495	5,705	-	37,200	-	-	37,200
Staff development	137,849	51,733	-	189,582	13,953	-	203,535
Teacher recruitment	30,533	11,459	-	41,992	3,091	-	45,083
Student recruiting and marketing	43,038	7,796	-	50,834	-	-	50,834
Student management	18,657	3,380	-	22,037	-	-	22,037
Students/staff events	154,126	57,843	-	211,969	15,601	-	227,570
Food service	179,064	33,507	5,916	218,487	-	-	218,487
Field trips	11,605	2,102	-	13,707	-	-	13,707
Supplies and materials	186,775	62,628	7,467	256,870	18,905	-	275,775
Textbooks	26,193	4,745	-	30,938	-	-	30,938
Rent and utilities	1,883,079	341,101	-	2,224,180	366,336	26,167	2,616,683
Maintenance and repairs	124,218	22,501	-	146,719	24,165	1,726	172,610
Janitorial	131,380	44,053	5,252	180,685	13,298	-	193,983
Security	33,735	11,312	1,349	46,396	3,415	-	49,811
Lease - equipment	11,159	3,742	446	15,347	1,129	-	16,476
Insurance	48,156	8,723	-	56,879	9,368	669	66,916
Dues and fees	31,681	10,623	1,267	43,571	3,207	-	46,778
Postage/Printing/Copying	12,593	4,223	503	17,319	1,275	-	18,594
Telephone and internet	79,636	26,703	3,184	109,523	8,061	-	117,584
Depreciation and amortization	213,879	38,949	-	252,828	41,830	2,988	297,646
Miscellaneous	24,545	8,230	981	33,756	2,483	-	36,239
Total Expenses	\$ 10,103,052	\$ 2,973,574	\$ 290,163	\$ 13,366,789	\$ 1,214,663	\$ 48,248	\$ 14,629,700

See notes to financial statements

New Heights Academy Charter School

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services				Supporting Services		Total
	Regular Education	Special Education	Supplemental Education	Total	Management and General	Fundraising	
Salaries	\$ 5,180,759	\$ 1,573,958	\$ 170,188	\$ 6,924,905	\$ 581,688	\$ 14,915	\$ 7,521,508
Employee benefits and payroll taxes	1,157,039	351,519	38,009	1,546,567	130,327	2,915	1,679,809
Auditing/accounting fees	-	-	-	-	28,500	-	28,500
Professional fees	87,091	-	-	87,091	9,677	-	96,768
Legal fees	-	-	-	-	24,579	-	24,579
Consultants - temps	66,886	11,570	-	78,456	-	-	78,456
Staff development	99,118	33,369	-	132,487	11,414	-	143,901
Teacher recruitment	28,171	9,484	-	37,655	3,244	-	40,899
Student recruiting and marketing	43,806	7,578	-	51,384	-	-	51,384
Student management	17,236	2,982	-	20,218	-	-	20,218
Students/staff events	144,324	48,588	-	192,912	16,620	-	209,532
Food service	265,912	47,253	7,250	320,415	-	-	320,415
Field trips	14,725	2,547	-	17,272	-	-	17,272
Supplies and materials	136,880	41,585	4,497	182,962	15,763	-	198,725
Textbooks	26,703	4,619	-	31,322	-	-	31,322
Rent and utilities	1,870,374	323,544	-	2,193,918	361,351	25,811	2,581,080
Maintenance and repairs	159,375	27,569	-	186,944	30,791	2,199	219,934
Janitorial	152,475	46,323	5,009	203,807	17,559	-	221,366
Security	76,016	23,094	2,497	101,607	8,754	-	110,361
Lease - equipment	19,456	5,911	639	26,006	2,241	-	28,247
Insurance	46,363	8,020	-	54,383	8,957	640	63,980
Dues and fees	50,601	15,373	1,662	67,636	5,827	-	73,463
Postage/Printing/Copying	12,785	3,884	420	17,089	1,472	-	18,561
Telephone and internet	77,188	23,451	2,536	103,175	8,889	-	112,064
Depreciation and amortization	172,141	29,778	-	201,919	33,257	2,376	237,552
Miscellaneous	49,722	15,106	1,633	66,461	5,726	-	72,187
Total Expenses	\$ 9,955,146	\$ 2,657,105	\$ 234,340	\$ 12,846,591	\$ 1,306,636	\$ 48,856	\$ 14,202,083

See notes to financial statements

New Heights Academy Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 176,996	\$ 320,833
Adjustments to reconcile change in net assets to net cash from operating activities		
Deferred rent asset	-	274,478
Deferred rent liability	289,010	61,421
Depreciation and amortization	297,646	237,552
Changes in operating assets and liabilities		
Grants and contracts receivable	(188,762)	318,916
Prepaid expenses and other receivables	(85,294)	29,111
Accounts payable and accrued expenses	(205,910)	285,039
Accrued payroll and payroll taxes	(24,057)	171,870
Net Cash from Operating Activities	259,629	1,699,220
CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment	(614,511)	(370,927)
CASH FLOW FROM FINANCING ACTIVITY		
Paycheck Protection Program loan proceeds	1,767,115	-
Net Change in Cash and Restricted Cash	1,412,233	1,328,293
CASH AND RESTRICTED CASH		
Beginning of year	3,814,755	2,486,462
End of year	<u>\$ 5,226,988</u>	<u>\$ 3,814,755</u>
The following table provides a reconciliation of cash and restricted cash within the statements of financial position:		
Cash	\$ 5,151,248	\$ 3,739,015
Restricted cash	75,740	75,740
	<u>\$ 5,226,988</u>	<u>\$ 3,814,755</u>

See notes to financial statements

New Heights Academy Charter School

Notes to Financial Statements

June 30, 2020 and 2019

1. Organization and Tax Status

New Heights Academy Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on April 15, 2005 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on April 15, 2005 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The Board of Regents approved and issued several renewals to the School's charter expiring June 30, 2025. The School's mission is to provide a college preparatory education for students in Washington Heights and Inwood neighborhoods of upper Manhattan. The School's academically rigorous curriculum will ensure that all students set and meet postsecondary education and career goals. Simultaneously, the School's nurturing environment of small class sizes and a focus on character education will ensure that students develop a strong self-identity conducive to leading responsible lives as citizens in our global society. The School provided education to approximately 764 students in grades five through twelve during the 2019-2020 academic year.

The School retains an outside vendor to provide meals for students in which the School receives reimbursement from the New York State Education Department. The Office of Pupil Transportation provides free transportation to the majority of the students.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Policies

Recognition of Contributions

Effective July 1, 2019, the School adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance provides a framework for evaluating whether contributions and grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the School recognizes contributions and grants, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

New Heights Academy Charter School

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Adoption of New Accounting Policies (continued)

Restricted Cash

In November 2016, the Financial Accounting Standards Board issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires significant changes regarding how restricted cash is classified and presented on the statement of cash flows. On July 1, 2019, the School adopted the new guidance regarding the presentation and classification of restricted cash. The guidance requires the School to 1) include restricted cash and restricted cash equivalents in the cash and cash equivalents balances on the statements of cash flows, 2) provide a reconciliation between the statements of financial position and the statements of cash flows when more than one item for cash, cash equivalents, restricted cash, and restricted cash equivalents is presented on the statements of financial position, 3) eliminate the presentation of transfers between restricted cash and cash, and 4) include disclosures about the nature of the restrictions for material balances. Adoption of the ASU resulted in a change in the accounting for restricted cash on the statements of cash flows.

Net Assets Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net assets without donor restrictions - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

Net assets with donor restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2020 and 2019.

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred.

New Heights Academy Charter School

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment (continued)

All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and equipment	3 to 5 years
Furniture and fixtures	7 years
Software	3 years
Website development	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2020 and 2019.

Refundable Advances

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

New Heights Academy Charter School

Notes to Financial Statements June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Recruiting and Marketing

Recruitment and marketing costs are expensed as incurred. Recruitment and marketing costs for the years ended June 30, 2020 and 2019 amounted to \$95,916 and \$92,283.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2017.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 17, 2020.

3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, and city entitlements and grants. The School expects to collect these receivables within one year.

4. Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Computers and equipment	\$ 2,182,099	\$ 1,873,230
Furniture and fixtures	602,470	567,461
Software	211,076	184,517
Website development	17,000	17,000
Leasehold improvements	3,278,543	3,034,469
	<u>6,291,188</u>	<u>5,676,677</u>
Accumulated depreciation and amortization	(3,572,719)	(3,275,073)
	<u>\$ 2,718,469</u>	<u>\$ 2,401,604</u>

New Heights Academy Charter School

Notes to Financial Statements June 30, 2020 and 2019

5. Liquidity and Availability of Financial Assets

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

Cash	\$ 5,151,248
Grants and contracts receivable	<u>603,588</u>
	<u>\$ 5,754,836</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is invested in highly liquid securities.

6. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k), for the benefit of its eligible employees. Under the plan, the School matched employee contributions up to 5% of annual compensation. Employee match for the years ended June 30, 2020 and 2019 amounted to \$211,008 and \$209,745

7. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2020 and 2019, approximately \$4,470,000 and \$3,060,000 of cash was maintained with three institutions in excess of FDIC limits.

8. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2020 and 2019, the School received approximately 94% and 92% of total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

9. Commitments

Operating Lease - Civic Builders, Inc.

During the year ended June 30, 2010, the School finalized a non-cancellable sublease agreement with Civic Builders, Inc. ("Civic") on the expansion of their facility expiring on May 30, 2039. As a result of this agreement, Civic took over the School's prior lease obligation and secured options for an additional two floors.

New Heights Academy Charter School

Notes to Financial Statements June 30, 2020 and 2019

9. Commitments (*continued*)

Operating Lease - Civic Builders, Inc. (continued)

The agreement enabled the School to expand its infrastructure to service approximately 750 students. In addition, the agreement requires the School to fund Civic a reserve amount of \$500,000, payable at \$100,000 per year starting in September 2010, which is included in security deposits in the accompanying statements of financial position. On March 28, 2017, this agreement was amended to refinance the related loan and as result the School prepaid \$1,082,641 to Civic.

The future minimum lease payments under this operating lease are as follows for the years ending June 30:

2021	\$ 1,871,931
2022	1,917,729
2023	1,964,898
2024	2,013,476
2025	2,063,520
Thereafter	31,683,043
	<u>\$ 41,514,597</u>

Operating Lease - 1818-1838 Amsterdam Avenue, LLC

On April 1, 2012, the School entered into a non-cancellable lease agreement with 1818-1838 Amsterdam Avenue, LLC ("Amsterdam") on the expansion of their facility expiring on May 31, 2039. In addition, the agreement requires the School to fund Amsterdam a reserve amount of \$17,200, which is included in security deposits in the accompanying statements of financial position.

The future minimum lease payments under this operating lease are as follows for the years ending June 30:

2021	\$ 131,709
2022	135,662
2023	139,732
2024	143,924
2025	148,242
Thereafter	2,589,796
	<u>\$ 3,289,065</u>

The School recognizes rent expense on a straight-line basis over the term of the lease. Rent expense in excess of payments is recorded as deferred rent in the accompanying statements of financial position. Rent expense under all operating leases amounted to \$2,244,354 for the years ended June 30, 2020 and 2019.

New Heights Academy Charter School

Notes to Financial Statements June 30, 2020 and 2019

10. Paycheck Protection Program Loan Payable

On April 27, 2020, the School received a loan under the Paycheck Protection Program authorized by the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in the amount of \$1,767,115. In accordance with the requirements under the CARES Act, the loan may be forgiven based on the associated spending in accordance with regulations under the CARES Act. For amounts under the loan that are not forgiven, these amounts are due 2 years from the date of the loan and interest would accrue on the unforgiven loan balance at 1% per year. The debt forgiveness will be recognized at the time that the financial institution that issued the loan has reviewed and approved the associated spending and determined the forgivable portion. Management believes that most or all of the loan will be forgiven based on the current understanding of the legislative guidance.

11. Contingency

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

12. Risks and Uncertainties

The School's operations and financial performance may be affected by the recent COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the School may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in state and local per pupil operating revenue, shortfalls and variations in enrollment, and operational and other changes that could increase expenses. The outbreak may adversely affect the School's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes the School is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.



**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***

Independent Auditors' Report

**Board of Trustees
New Heights Academy 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 New Heights Academy Charter School (the "School"), which comprise the statement of financial position 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 17, 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

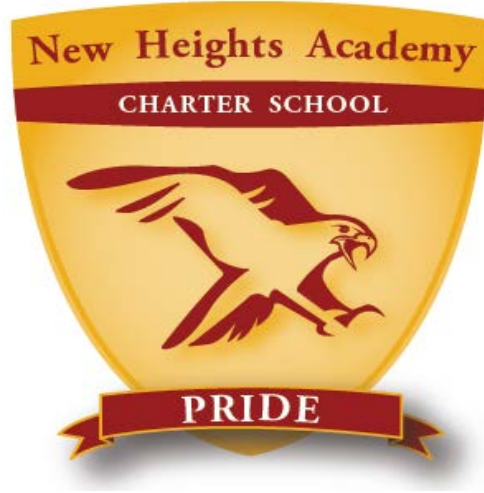
As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

PKF O'Connor Davies, LLP

Harrison, New York
September 17, 2020



New Heights Academy Charter School
FY20-21 Budget



New Heights Academy Charter School Budget FY20-21

Revenue

4000-All Revenues

4100-Federal Grants

Total 4100-Federal Grants

Total 4200-State Grants

Total 4500-Grant Income

Total 4600-Fundraising

Total 4800-Other Income

Total 4000-All Revenues

Total Revenue

Gross Profit

Expenditures

5000-Salaries Expenses

Total 5001-Classroom Instruction

Total 5000-Salaries Expenses

Total 5100-Fringe Benefits Expense

Total 5200-Facilities Expense

Total 5300-Insurance Expense

Total 5400-Classroom Instruction Exp

Total 5500-Instructional Support Serv

Total 5600-Professional Services

Total 5700-Office Expenses

Total 5800-Misc expenses

Total 5900-Travel & meetings expenses

Total 6000-Fundraising Expenses

Total 6100-Board of Trustees

Total 7000-Food Services

Total 8000-Depreciation & amort

8100-Suspense Expense

Total Expenditures

Net Operating Revenue

Net Revenue

FY 20-21 Annual Budget	FY 19-20 Annual Budget	FY19-20 Expenses (Projections)	FY20-21 Budget Vs. FY19-20 Budget Variances	FY20-21 Budget Vs. FY19-20 Expenses (Proj) Variances	Comments
877,109.00	933,794.00	887,109.00	(56,685.00)	(10,000.00)	Variance due to FY1920 final allocation being lower than previous year
13,709,175.00	13,794,600.48	13,966,926.88	(85,424.00)	(257,751.88)	Variance due to decreased PPA rate and the removal of the one time allotment
0.00	0.00	0.00	0.00	0.00	
19,500.00	29,000.00	19,500.00	(9,500.00)	0.00	Decreased due to expected decline as a result of COVID-19
89,600.00	86,600.00	88,597.40	3,000.00	1,002.60	
14,695,384.00	14,843,994.48	14,962,133.28	(148,609.00)	(266,749.28)	
14,695,384.00	14,843,994.48	14,962,133.28	(148,609.00)	(266,749.28)	Decrease in revenue due to PPA cute and loss of one time allotment
14,695,384.00	14,843,994.48	14,962,133.28	(148,609.00)	(266,749.28)	
3,576,292.07	3,508,401.20	3,517,739.00	67,890.87	58,553.07	All teacher positions based off the Feb19 DOE scale plus 5%.
7,881,413.23	7,833,578.84	7,885,161.26	47,834.39	(3,748.03)	All teacher positions based off the Feb19 DOE scale plus 5%. Admin/Ops and Leadership flat
1,896,428.11	1,903,945.05	1,608,339.78	(7,516.94)	288,088.33	FY2021 Budget vs. Current Expenses variance due to the removal of the PEO for FY2021
3,103,359.10	3,114,356.79	3,123,786.97	(10,997.69)	(20,427.87)	Variance due to decrease in maintenance supplies and repairs
78,217.04	76,776.62	68,014.82	1,440.42	10,202.22	
149,500.00	159,500.00	152,500.00	(10,000.00)	(3,000.00)	Variance due to cuts to field trips
262,500.00	339,000.00	365,751.24	(76,500.00)	(103,251.24)	Variance due to cuts to positive reinforcements, senior trip, and performance rentals
249,500.00	189,500.00	242,805.93	60,000.00	6,694.07	Increase due to hiring of outside IT firm. One in-house IT position was also cut to help offset the additional cost
204,000.00	231,500.00	255,032.34	(27,500.00)	(51,032.34)	Variance due to cuts to office supplies and telephone service(being covered by outside IT firm)
134,600.00	167,550.00	392,245.80	(32,950.00)	(257,645.80)	Variance due to special activities for staff being reduced as well as the PEO removal
2,550.00	2,550.00	5,550.00	0.00	(3,000.00)	
30,000.00	36,000.00	66,000.00	(6,000.00)	(36,000.00)	
5,000.00	5,000.00	5,000.00	0.00	0.00	
362,000.00	325,000.00	352,000.00	0.00	10,000.00	
330,000.00	321,158.34	321,158.35	8,841.66	8,841.65	
0.00	0.00	2,421.23	0.00	(2,421.23)	
14,689,067.49	14,705,415.65	14,845,767.72	(53,348.16)	(154,279.00)	
6,316.51	138,578.83	116,365.56	(95,260.84)	(112,470.28)	
6,316.51	138,578.83	116,365.56	(95,260.84)	(112,470.28)	

New Heights Academy Charter School
Personnel Budget FY20-21

TOTAL HEAD COUNT	113
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Category	Last Name	First Name	Position	Current Annual Salary FY19-20	Step Feb19 Flat	(%) Increase	(\$) Increase	Budget Projections FY20-21	Subtotal by Category	Comments
5001-Classroom Instruction										
5010-Middle School Instruction	ADAMES	JESSICA	Read 180	101,715	96,871	5%		101,715		
5010-Middle School Instruction	ALMONTE	MAGNOLIA	Teacher	62,457	60,343	5%		63,360		
5010-Middle School Instruction	ANDERSON	LINDA	Teacher	68,215	70,603	5%		74,133		
5010-Middle School Instruction	Arbelaez	Natalia	Teacher	59,483	60,343	5%		63,360		
5010-Middle School Instruction	BAILEY	REGINALD	Teacher	63,360	61,089	5%		66,664		New Hire
5010-Middle School Instruction	Butler	Charles	Teacher	58,995	59,483	5%		62,457		
5010-Middle School Instruction	CAFFEY	FRANK	Teacher	64,143	63,026	5%		66,177		
5010-Middle School Instruction	CANZANELLA	MICHAEL	Teacher	66,182	66,186	5%		66,664		New Hire
5010-Middle School Instruction	CONA	MADISON	Teacher	66,177	69,881	5%		73,375		
5010-Middle School Instruction	GASPARRE	ARIEL	Teacher	74,997	77,062	5%		80,915		
5010-Middle School Instruction	GOODMAN	DAVID	Teacher	79,635	85,143	5%		89,400		
5010-Middle School Instruction	JACKSON	STACY	Read 180	88,120	83,924	5%		88,120		
5010-Middle School Instruction	KIERNAN	ALLYSON	Teacher	74,997	77,062	5%		66,664		New Hire
5010-Middle School Instruction	King	Dameer	Teacher	57,845	58,995	5%		61,945		
5010-Middle School Instruction	LAYTON	WINIFRED	Teacher	69,997	67,524	5%		70,900		
5010-Middle School Instruction	MALDONADO	JAMES	Teacher	66,182	64,967	5%		68,215		
5010-Middle School Instruction	Obanor	David	Teacher	68,270	70,207	5%		73,717		
5010-Middle School Instruction	PLEASANT	JOYCE	Teaching Assistant	52,369	52,369	5%		54,987		
5010-Middle School Instruction	Poonawala	Salmon	Math Teacher	57,845	66,176	5%		69,485		
5010-Middle School Instruction	Pope	Sinclair	Teaching Assistant	42,070	43,122	5%		32,086		New Hire
5010-Middle School Instruction	REGALADO	RAFAEL	Teacher	63,983	61,424	5%		66,664		New Hire
5010-Middle School Instruction	Reid	MICHAEL	Teaching Assistant	32,086	32,086	5%		33,690		
5010-Middle School Instruction	Shiloh	JaQuan	Teaching Assistant	32,086	32,086	5%		33,690		
5010-Middle School Instruction	STATON	RICHARD	Teacher	71,684	70,207	5%		66,664		New Hire
5010-Middle School Instruction	VINCENT	MANAGE	Teacher	93,349	91,465	5%		96,038		
5010-Middle School Instruction	WEISS	NIKOLAS	Teacher	71,684	70,207	5%		73,717		
Total 5010-Middle School Instruction									1,764,805	
5020-High School Instruction	BAILEY	KIMBERLY	Teacher	83,898	85,143	5%		89,400		
5020-High School Instruction	COLLINS	SHARON	Teacher	96,038	96,871	5%		101,715		
5020-High School Instruction	CRUZ	KENNETH	Health Teacher	70,900	68,270	5%		71,684		
5020-High School Instruction	DEMPAIRE-CALDWELL	PATRICIA	Teacher	71,684	70,290	5%		73,805		
5020-High School Instruction	EGAN	MARGARET	Teacher	80,915	85,143	5%		89,400		
5020-High School Instruction	FAHEY	THOMAS	Teacher	60,936	66,664	5%		66,664		New Hire
5020-High School Instruction	FARMER	MICHAEL	Music Teacher	73,375	77,962	5%		81,860		
5020-High School Instruction	HAYNES-PITTS	MICHAEL	Teacher	90,160	85,867	5%		90,160		
5020-High School Instruction	JEROME	DOMINIQUE	Teacher	66,664	67,524	5%		70,900		
5020-High School Instruction	KIM	SO YEON FLORA	Teacher	69,997	67,524	5%		70,900		
5020-High School Instruction	KUSSMAN	ELIZABETH	Italian Teacher	57,845	58,995	5%		61,945		
5020-High School Instruction	LUCAS	VERNON	Teacher	91,440	87,086	5%		91,440		
5020-High School Instruction	MARTINEZ	MELANNIE	Teacher	71,684	70,207	5%		73,717		
5020-High School Instruction	MAZZELLA	ANDREA	Italian Teacher	71,684	70,207	5%		73,717		
5020-High School Instruction	MONPLAISIR	DESIREE	Dance Teacher	72,095	76,743	5%		80,580		
5020-High School Instruction	PROSCIA	ALEXANDRA	Teacher	74,997	77,062	5%		80,915		
5020-High School Instruction	RODRIGUEZ	CHRISTOPHER	Teacher	73,717	70,207	5%		66,664		New Hire
5020-High School Instruction	SANDOMENICO	ANTHONY	PE Teacher	93,349	91,465	5%		96,038		
5020-High School Instruction	SARR	AMATH	Teacher	66,664	67,524	5%		66,664		New Hire
5020-High School Instruction	STERLING	ELIZABETH	Teacher	75,843	83,924	5%		88,120		
5020-High School Instruction	WEISMAN	ALEXA	Teacher	71,684	70,207	5%		73,717		
5013-Special Education	WHITE	NICOLE	Special Education	86,392	83,924	5%		88,120		
5020-High School Instruction	YOSHINO	NARUKA	Japanese Teacher	62,457	60,343	5%		63,360		
Total 5020-High School Instruction									1,811,487	
5002-Instruc./Behavior Support										
5002-Instruc./Behavior Support	BUTEN	PERLA	Administrative Assistant	47,500		0%		47,500		
5002-Instruc./Behavior Support	HENNEBERRY	AMANDA	Internal Substitute Teacher	45,000		0%		-		Cut due to budget cuts
5002-Instruc./Behavior Support	MANTIN	JAMAL	College and Career Counselor	92,333		0%		92,333		
5002-Instruc./Behavior Support	RAMBALDE	HENRY	College and Career Counselor	67,570		0%		67,570		
5002-Instruc./Behavior Support	ROBERTS	JANAIS	Internal Substitute Teacher	44,100		0%		44,100		
5002-Instruc./Behavior Support	SANCHEZ	VANESSA	Administrative Assistant	56,000		0%		56,000		
5002-Instruc./Behavior Support	Carrera	Ruth	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	Diaz	Adeladia	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	FERGUSON	RENEE	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	Garner	Isaiah	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	HERNANDEZ	WANDA	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	Mcgee	Taje	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	Mendez	Brandon	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	PEREZ-ALI	IVELISSA	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	PICHARDO	ANTHONY	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	RICHARDSON	JOSEFINA	Lunch Room Monitor	13,500		0%		13,500		
5002-Instruc./Behavior Support	URENA-INFANTE	EUNICE	School Aide	13,500		0%		13,500		

New Heights Academy Charter School
Personnel Budget FY20-21

TOTAL HEAD COUNT	113
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Category	Last Name	First Name	Position	Current Annual Salary FY19-20	Step Feb19 Flat	(%) Increase	(\$) Increase	Budget Projections FY20-21	Subtotal by Category	Comments
Total 5002-Instruc./Behavior Support									456,003	
5003-Leadership	ANDERSON	MICHELLE	Director of Literacy Education	128,234		0%		128,234		
5003-Leadership	AZAR	MELISSA	Instructional Coach	128,447		0%		128,447		
5003-Leadership	BOUCHARD-ESTRELLA	SYLVIE	Director of Operations	120,000		0%		120,000		
5003-Leadership	BOVENZI	JULIA	Instructional Coach	110,272		0%		110,272		
5003-Leadership	BROWN	CHRISTINA	Executive Director	190,000		0%		190,000		
5003-Leadership	CORDOVA	KIMBERLY	Director Student Support	145,234		0%		145,234		
5003-Leadership	GARCIA	LIESHA	Director of Finance	120,000		0%		120,000		
5003-Leadership	GIVENS	FRED	Principal	158,550		0%		158,550		
5003-Leadership	JOYE	CRYSTAL	MS Asst. Principal	115,826		0%		115,826		
5003-Leadership	MARTINEZ	JOSE	Dean	87,219		0%		87,219		
5003-Leadership	MURRAY	RINALDO	Principal	143,325		0%		143,325		
5003-Leadership	RAMOS	WENDY	Chief of Staff	131,306		0%		131,306		
5003-Leadership	STODDART	JUDITH	HS Asst. Principal	115,826		0%		115,826		
5003-Leadership	WOLFE-BALBUENA	REBECA	Dean	96,979		0%		96,979		
5003-Leadership	WILSON	TIFFANY	HR Manager	90,000		0%		90,000		
5003-Leadership			Math Coach			0%		-		Cut due to budget cuts
5003-Leadership			Social Studies Coach			0%		-		Cut due to budget cuts
Total 5003-Leadership									1,881,217	
5005-Adminstration	BENJOU	ALEXANDROS	IT Manager	78,750		0%		-		Cut due to budget cuts
5005-Adminstration	DAVIS	DENNIS	Security Guard	42,000		0%		42,000		
5005-Adminstration	DE LA CRUZ	GENOVA	Operations Supervisor	52,500		0%		52,500		
5005-Adminstration	GREER	CALVIN	Finance Associate	45,000		0%		45,000		
5005-Adminstration	LOPEZ	GINA	Attendance Coordinator	42,500		0%		42,500		
5005-Adminstration	PENAFIEL	OSCAR	Accounts Payable Manager	75,267		0%		75,267		
5005-Adminstration	PEREZ MENDEZ	ELIANA	Kitchen Supervisor	32,760		0%		32,760		
5005-Adminstration	POLANCO	AUSTRY	IT Associate	40,000		0%		40,000		
5005-Adminstration	RANGEL	YAHAIRA	Receptionist	32,000		0%		32,000		
5005-Adminstration	ROSA	JOSELYN	Executive Assistant	65,000		0%		65,000		
5005-Adminstration	ROSA	MICKEY	Security Guard	42,000		0%		42,000		
5005-Adminstration	ROSARIO	BILMI	Food Services	37,280		0%		37,280		
5005-Adminstration	SANTIAGO	JACQUELINE	Office Assistant	42,500		0%		42,500		
5005-Adminstration	SANTIAGO	TONY	IT Systems Engineer	65,000		0%		65,000		
5005-Adminstration	SPENCER	JAHMILA	Food Services	32,000		0%		32,000		
5005-Adminstration	TANNALL	SANJEEV	Security Supervisor	52,500		0%		52,500		
5005-Adminstration	TULA	RUBEN	Maintenance	68,250		0%		68,250		
5005-Adminstration	VALENTIN	ELIZA	Family Coordinator/ Exec Asst.			0%		-		Cut due to budget cuts
Total 5005-Adminstration									766,557	
5006-After School Program				80,000		0%		65,000		
Total 5006-After School Program									65,000	
5007-Saturday Academy				10,500		0%	4,500.00	20,000		
Total 5007-Saturday Academy									20,000	
5009-Special Projects				10,500		0%	4,500.00	15,000		
Total 5009-Special Projects									15,000	
5013-Special Education										
5013-Special Education	Bourbia	Rina	Speech Pathologist	65,026		5%		68,277		Blumin's replacement
5013-Special Education	GARTLAND	JAMIE	Special Education	109,253	105,469	5%		110,742		
5013-Special Education	INDURSKY	AMY	Special Education	93,349	93,349	5%		66,664		New Hire
5013-Special Education	JAQUEZ	ARIEL	Special Education	80,580	77,962	5%		81,860		
5013-Special Education	LESPERANCE	FABIOLA	Special Education	67,524	68,270	5%		71,684		
5013-Special Education	LEVITAN	ARIEL	Social Worker	89,824		5%		94,315		

New Heights Academy Charter School
Personnel Budget FY20-21

TOTAL HEAD COUNT	113
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Category	Last Name	First Name	Position	Current Annual Salary FY19-20	Step Feb19 Flat	(%) Increase	(\$) Increase	Budget Projections FY20-21	Subtotal by Category	Comments
Grand Total				7,866,860					7,881,413	14,553

Total Salary Increase / (decrease)

New Heights Academy Charter School
Revenue Detail

Funding Source	2019-20	2020-21
Enrollment:		
Special Education		
< 20%	20	18
20% -60%	50	48
>60%	40	44
Subtotal Special Education	110	110
Regular Education	762	763
Total Enrollment	762	763

Funding Rates:		
Per Pupil	\$ 16,145	\$ 16,124
Special Education< 20%	-	\$ -
Special Education 20%- 59%	\$ 10,390	\$ 10,390
Special Education >60%	\$ 19,049	\$ 19,049

NY Per Pupil Funding		
Regular Education	12,302,490	12,302,612
Special Education		
< 20%	-	-
20% -60%	519,500	498,720
60%+	761,960	838,156
Subtotal - Per Pupil Funding	13,583,950	13,639,488
NYSTL	28,911	29,840
NYSSL	26,072	26,066
NYSLIBL	3,410	4,781
Federal Per Pupil Funding		
IDEA	99,087	106,890
E-Rate Funding		
E-Rate	73,832	63,832
Federal School Food Program	300,000	300,000
State School Food Program	9,000	9,000
Additional State Aide(Senate Resolution)	143,444	-
Fed. Govt. Entitlements (No Child Left Behind)		
TITLE I A& D (Improving Academic Achievement)	373,930	336,537
TITLE IIA (Teacher/Principal Training/Recruitment)	47,315	25,350
TITLE III Sped Supplies	14,016	16,688
TITLE IV	25,614	27,812
Subtotal - Fed Govt Entitlements	460,875	406,387

Total Revenue Before Fundraising	<u>14,728,581</u>	<u>14,586,284</u>
Private Support		
Contributions & Donations		
Individual Contribution	15,000	12,000
Corporation Contribution	5,000	3,000
Board Contribution	9,000	4,500
Total Private Support	<u>29,000</u>	<u>19,500</u>
In-Kind		
In-Kind Revenue		
Restricted Foundation	-	-
Interest & Other		
Other Income	7,800	7,800
Interest Income	12,000	15,000
Misc	66,800	66,800
Total Interest & Other	<u>86,600</u>	<u>89,600</u>
Total Revenue	<u><u>14,844,181</u></u>	<u><u>14,695,384</u></u>

-

Comments

FY21 proposed rate is 16,124

Current	Proposed	Difference
16,150	17,049	899

Based on FY20
Based on FY20
Based on FY20

Based on FY20 Payment

Amounts provided by SE

\$ 138,866.00 one time allotment

Based off Title allocation of FY20
Based off Title allocation of FY20
Based off Title allocation of FY20
Based off Title allocation of FY20

61000

check sum

Rev Increase
685,937



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7

STATEMENT OF ACCOUNT

NEW HEIGHTS ACADEMY CHARTER SCHOOL
1818 AMSTERDAM AVE
NEW YORK NY 10031

Page: 1 of 2
Statement Period: Sep 01 2020-Sep 30 2020
Cust Ref #:
Primary Account #:

NP Interest Now

NEW HEIGHTS ACADEMY CHARTER SCHOOL

Account #

ACCOUNT SUMMARY

Statement Balance as of 09/01	75,872.35
Plus 0 Deposits and Other Credits	0.00
Plus Interest Paid	6.22
Less 0 Checks and Other Debits	0.00
Statement Balance as of 09/30	75,878.57

ACCOUNT ACTIVITY

Transactions by Date

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
09/30	INTEREST PAID		6.22	75,878.57

INTEREST SUMMARY

Beginning Interest Rate	0.10%
Number of days in this Statement Period	30
Interest Earned this Statement Period	6.22
Annual Percentage Yield Earned	0.10%
Interest Paid Year to date	56.79

Call 1-800-937-2000 for 24-hour Bank-by-Phone services or connect to www.tdbank.com

How to Balance your Account

Begin by adjusting your account register as follows:

- Subtract any services charges shown on this statement.
- Subtract any automatic payments, transfers or other electronic withdrawals not previously recorded.
- Add any interest earned if you have an interest-bearing account.
- Add any automatic deposit or overdraft line of credit.
- Review all withdrawals shown on this statement and check them off in your account register.
- Follow instructions 2-5 to verify your ending account balance.

1. Your ending balance shown on this statement is:
2. List below the amount of deposits or credit transfers which do not appear on this statement. Total the deposits and enter on Line 2.
3. Subtotal by adding lines 1 and 2.
4. List below the total amount of withdrawals that do not appear on this statement. Total the withdrawals and enter on Line 4.
5. Subtract Line 4 from 3. This adjusted balance should equal your account balance.

Ending Balance	75,878.57
Total Deposits	+
Sub Total	
Total Withdrawals	-
Adjusted Balance	

[illegible][illegible][illegible]

**FOR CONSUMER ACCOUNTS ONLY IN CASE OF ERRORS OR
QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS:**

If you need information about an electronic fund transfer or if you believe there is an error on your bank statement or receipt relating to an electronic fund transfer, telephone the bank immediately at the phone number listed on the front of your statement or write to;

TD Bank, N.A., Deposit Operations Dept, P.O. Box 1377, Lewiston,
Maine 04243-1377

We must hear from you no later than sixty (60) calendar days after we sent you the first statement upon which the error or problem first appeared. When contacting the Bank, please explain as clearly as you can why you believe there is an error or why more information is needed. Please include:

- Your name and account number.
- A description of the error or transaction you are unsure about.
- The dollar amount and date of the suspected error.

When making a verbal inquiry, the Bank may ask that you send us your complaint in writing within ten (10) business days after the first telephone call.

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

INTEREST NOTICE

Total interest credited by the Bank to you this year will be reported by the Bank to the Internal Revenue Service and State tax authorities. The amount to be reported will be reported separately to you by the Bank.

FOR CONSUMER LOAN ACCOUNTS ONLY BILLING RIGHTS SUMMARY

In case of Errors or Questions About Your Bill:

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at P.O. Box 1377, Lewiston, Maine 04243-1377 as soon as possible. We must hear from you no later than sixty (60) days after we sent you the FIRST bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

FINANCE CHARGES: Although the Bank uses the Daily Balance method to calculate the finance charge on your Moneyline/Overdraft Protection account (the term "ODP" or "OD" refers to Overdraft Protection), the Bank discloses the Average Daily Balance on the periodic statement as an easier method for you to calculate the finance charge. The finance charge begins to accrue on the date advances and other debits are posted to your account and will continue until the balance has been paid in full. To compute the finance charge, multiply the Average Daily Balance times the Days in Period times the Daily Periodic Rate (as listed in the Account Summary section on the front of the statement). The Average Daily Balance is calculated by adding the balance for each day of the billing cycle, then dividing the total balance by the number of Days in the Billing Cycle. The daily balance is the balance for the day after advances have been added and payments or credits have been subtracted plus or minus any other adjustments that might have occurred that day. There is no grace period during which no finance charge accrues. Finance charge adjustments are included in your total finance charge.