

Mengel, Metzger, Barr & Co., LLP
Certified Public Accountants
100 Chestnut Street, Suite 1200
Rochester, New York 14604

Dear Mengel, Metzger, Barr & Co. LLP:

This representation letter is provided in connection with your audits of the financial statements of Unity Preparatory Charter School of Brooklyn (the "Organization"), which comprises the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter.

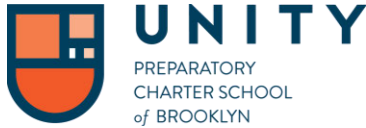
Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 15, 2020 for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- To the extent our normal procedures and controls related to our financial close or other reporting processes at the Organization were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- Other than as disclosed in Notes E and M to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.
- Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the Organization's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the Organization's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
- We have reviewed the Organization's draft financial statements prepared by you based upon financial information we provided to you. We have reviewed all supporting schedules and accept full responsibility for the Organization's financial statements prepared in accordance with U.S. GAAP.
- We have considered the accounting and reporting requirements of FASB ASC 740-10. We believe there are no material liabilities (or reduction in amounts refundable) required for unrecognized tax benefits related to our tax positions, as defined and described in FASB ASC 740-10-20.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - Minutes of the meetings of the Board of Trustees and other committees, or summaries of actions of recent meetings for which may have not yet been prepared;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.



- We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Organization’s financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the Organization’s related parties and all the related party relationships and transactions of which we are aware.

Very truly yours,

UNITY PREPARATORY CHARTER SCHOOL OF
BROOKLYN

A handwritten signature in black ink, appearing to read "JB", positioned to the right of the school name.

Joshua Beauregard, Head of School

A handwritten signature in black ink, appearing to read "Chris Doscher", positioned above a horizontal line.

Chris Doscher, Director of Operations

**UNITY PREPARATORY CHARTER SCHOOL OF
BROOKLYN**

BROOKLYN, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020
(With Comparative Totals for 2019)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Unity Preparatory Charter School of Brooklyn

Report on the Financial Statements

We have audited the accompanying financial statements of Unity Preparatory Charter School of Brooklyn, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited Unity Preparatory Charter School of Brooklyn's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2019. In our opinion, the summarized comparative information presented herein as of June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of Unity Preparatory Charter School of Brooklyn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unity Preparatory Charter School of Brooklyn's internal control over financial reporting and compliance.

Emphasis of Matter with Respect to Change of Accounting Methods

As discussed in Note A to the financial statements, in 2020, Unity Preparatory Charter School adopted new accounting guidance for recognition of revenue, contributions received and made and statement of cash flows presentation. Our opinion is not modified with respect to these matters.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 9, 2020

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 2,524,175	\$ 873,743
Grants and other receivables	304,637	70,045
Due from related party	917,198	679,160
Prepaid expenses and other current assets	<u>180,094</u>	<u>17,155</u>
TOTAL CURRENT ASSETS	3,926,104	1,640,103
<u>PROPERTY AND EQUIPMENT, net</u>	579,748	569,127
<u>OTHER ASSETS</u>		
Security deposit	225,000	225,000
Cash in escrow	<u>75,245</u>	<u>75,216</u>
TOTAL OTHER ASSETS	<u>300,245</u>	<u>300,216</u>
TOTAL ASSETS	<u>\$ 4,806,097</u>	<u>\$ 2,509,446</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 164,574	\$ 91,267
Accrued payroll and benefits	446,615	420,809
Paycheck Protection Program note payable, current	693,874	-
Deferred revenue	<u>90,373</u>	<u>236,271</u>
TOTAL CURRENT LIABILITIES	1,395,436	748,347
<u>OTHER LIABILITIES</u>		
Paycheck Protection Program note payable, non-current	879,326	-
Deferred lease liability	<u>848,680</u>	<u>508,008</u>
TOTAL OTHER LIABILITIES	<u>1,728,006</u>	<u>508,008</u>
TOTAL LIABILITIES	3,123,442	1,256,355
<u>NET ASSETS</u>		
Without donor restrictions	<u>1,682,655</u>	<u>1,253,091</u>
TOTAL NET ASSETS	<u>1,682,655</u>	<u>1,253,091</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,806,097</u>	<u>\$ 2,509,446</u>

The accompanying notes are an integral part of the financial statements.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue and support:		
State and local per pupil operating revenue	\$ 10,447,719	\$ 9,452,435
NYC DOE Rental Assistance	1,309,130	866,826
Government grants	390,043	330,752
Contributions	1,770	449,566
Other income	15,020	4,837
	<u>12,163,682</u>	<u>11,104,416</u>
TOTAL OPERATING REVENUE AND SUPPORT	12,163,682	11,104,416
Expenses:		
Program:		
Regular education	7,978,483	8,251,570
Special education	2,965,996	2,522,065
Management and general	724,694	714,737
Fundraising and special events	64,945	63,879
	<u>11,734,118</u>	<u>11,552,251</u>
TOTAL EXPENSES	11,734,118	11,552,251
	429,564	(447,835)
CHANGE IN NET ASSETS	429,564	(447,835)
Net assets at beginning of year	1,253,091	1,700,926
	<u>\$ 1,682,655</u>	<u>\$ 1,253,091</u>
NET ASSETS AT END OF YEAR	\$ 1,682,655	\$ 1,253,091

The accompanying notes are an integral part of the financial statements.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30, 2020							2019	
	No. of Positions	Program Services			Supporting Services			Total	Total
		Regular Education	Special Education	Sub-total	Fundraising and special events	Management and general	Sub-total		
Personnel services costs:									
Administrative staff personnel	9	\$ 63,672	\$ 31,672	\$ 95,344	\$ 44,144	\$ 365,948	\$ 410,092	\$ 505,436	\$ 507,775
Instructional personnel	61	3,285,994	1,008,627	4,294,621	-	-	-	4,294,621	4,284,978
Non-instructional personnel	30	1,923,229	916,729	2,839,958	-	-	-	2,839,958	2,754,820
Total salaries and wages	100	5,272,895	1,957,028	7,229,923	44,144	365,948	410,092	7,640,015	7,547,573
Fringe benefits and payroll taxes		1,027,112	381,212	1,408,324	8,599	71,283	79,882	1,488,206	1,464,897
Retirement expenses		3,984	1,479	5,463	33	277	310	5,773	5,446
Accounting / audit services		-	-	-	-	23,900	23,900	23,900	22,700
Other purchased / professional / consulting services		76,928	23,613	100,541	500	156,350	156,850	257,391	345,743
Building and land rent / lease		1,138,641	422,605	1,561,246	9,532	79,024	88,556	1,649,802	1,374,834
Repairs and maintenance		12,058	4,475	16,533	101	837	938	17,471	5,933
Insurance		43,964	16,317	60,281	368	3,051	3,419	63,700	48,833
Supplies and materials		165,671	58,045	223,716	157	1,296	1,453	225,169	312,602
Non-capitalized equipment / furnishings		3,811	1,288	5,099	15	127	142	5,241	15,533
Staff development		24,660	24,378	49,038	-	10,188	10,188	59,226	71,116
Marketing / recruitment		49,740	16,586	66,326	172	1,424	1,596	67,922	62,205
Technology		44,546	16,533	61,079	373	3,091	3,464	64,543	80,742
Office expense		25,017	9,285	34,302	209	1,737	1,946	36,248	51,186
Depreciation and amortization		86,298	32,029	118,327	722	5,990	6,712	125,039	141,231
Other		3,158	1,123	4,281	20	171	191	4,472	1,677
		<u>\$ 7,978,483</u>	<u>\$ 2,965,996</u>	<u>\$ 10,944,479</u>	<u>\$ 64,945</u>	<u>\$ 724,694</u>	<u>\$ 789,639</u>	<u>\$ 11,734,118</u>	<u>\$ 11,552,251</u>

The accompanying notes are an integral part of the financial statements.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30,	
	2020	2019
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 429,564	\$ (447,835)
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	125,039	141,231
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(234,592)	168,342
Prepaid expenses and other current assets	(162,939)	91,471
Accounts payable and accrued expenses	73,307	(2,171)
Accrued payroll and benefits	25,806	53,402
Deferred revenue	(145,898)	208,670
Deferred lease liability	340,672	508,008
NET CASH PROVIDED FROM OPERATING ACTIVITIES	450,959	721,118
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(135,660)	(395,009)
Due from related party	(238,038)	(679,160)
Security deposit	-	(225,000)
NET CASH USED FOR INVESTING ACTIVITIES	(373,698)	(1,299,169)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on Paycheck Protection Program note payable	1,573,200	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	1,573,200	-
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	1,650,461	(578,051)
Cash and restricted cash at beginning of year	948,959	1,527,010
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 2,599,420	\$ 948,959
Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 2,524,175	\$ 873,743
Cash in escrow	75,245	75,216
	\$ 2,599,420	\$ 948,959

The accompanying notes are an integral part of the financial statements.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Unity Preparatory Charter School of Brooklyn (the “Charter School”) is an educational corporation that operates as a charter school in Brooklyn, New York. On November 5, 2012 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. On March 12, 2018, the Board of Regents of the University of the State of New York extended the provisional charter, and any amendment thereto, for a term of five years through June 30, 2023.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Charter School.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2020 or 2019.

Revenue and support recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The Charter School records substantially all revenues over time as follows:

State and local per pupil revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

The following table summarizes contract balances at their respective statement of financial position dates:

	<u>June 30,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Grants and other receivables	\$ 107,658	\$ 41,420	\$ 2,814
Deferred revenue	\$ 90,373	\$ 236,271	\$ 27,601

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position and amounted to \$90,373 and \$236,271 at June 30, 2020 and 2019, respectively.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow as of June 30, 2020 and 2019 was \$75,245 and \$75,216, respectively.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2020 and 2019.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to fifteen years. Leasehold improvements are amortized over the lesser of their useful lives or the remaining lease term.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Deferred lease liability

The Charter School leases its facility. The lease contains pre-determined fixed escalations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts paid under the lease as a deferred lease liability.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2017 through June 30, 2020 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

Contributed services

During the year ended June 30, 2019, the Charter School was located in a New York City Department of Education facility and utilized approximately 20,500 square feet at no charge. In addition, the Charter School receives contributed services from volunteers to serve on the Board of Trustees. The Charter School received transportation services, food supplies and services and certain office equipment from the local district. The Charter School was unable to determine a value for these services.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs were \$67,922 and \$62,205 for the years ended June 30, 2020 and 2019, respectively.

Other purchased/professional/consulting services

Other purchased/professional/consulting services is made up of expenses related to financial management services as well as professional service expenses related to extra curricular activities of students such as clubs and athletics.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for year ended June 30, 2019

The financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Adoption of new accounting standards

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Charter School adopted ASC 606 with the date of initial application of July 1, 2019.

The Charter School applied ASC 606 using the cumulative effect method, which generally requires the recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets, at July 1, 2019. There was no adjustment to the opening balance of net assets at July 1, 2019, as a result of this new accounting standard. In addition, the comparative information has not been adjusted and continues to be reported under existing revenue guidance. The Charter School does not expect the adoption of the new revenue standard to have a material impact on its income on an ongoing basis.

As part of the adoption of ASC 606, the Charter School elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligation, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Contributions received and contributions made

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For most resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. The Charter School adopted the provisions of ASU 2018-08 applicable to contributions received with a date of initial application of July 1, 2019 under a modified prospective basis. Accordingly, there is no effect on net assets.

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year of cash in the statement of cash flows. ASC 230 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Charter School adopted this standard as of July 1, 2019 using the retrospective transition method.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

New accounting pronouncement - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020 to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School’s financial position or results of operations.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 9, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School’s main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School’s cash.

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, comprise the following at June 30, 2020 and 2019:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 2,524,175	\$ 873,743
Grants and other receivables	<u>304,637</u>	<u>70,045</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 2,828,812</u>	<u>\$ 943,788</u>

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE C: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2020</u>	<u>2019</u>
Undesignated	\$ 1,102,907	\$ 683,964
Invested in property and equipment	<u>579,748</u>	<u>569,127</u>
	<u>\$ 1,682,655</u>	<u>\$ 1,253,091</u>

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 152,351	\$ 148,624
Computers and equipment	752,126	670,595
Leasehold improvements	346,433	296,031
Website	<u>9,700</u>	<u>9,700</u>
	1,260,610	1,124,950
Less accumulated depreciation and amortization	<u>680,862</u>	<u>555,823</u>
	<u>\$ 579,748</u>	<u>\$ 569,127</u>

Total depreciation and amortization expense was \$125,039 and \$141,231 for the years ended June 30, 2020 and 2019, respectively.

NOTE E: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 outbreak, in April 2020 the Charter School applied for and was approved by a bank for a loan of \$1,573,200 through the Paycheck Protection Program established by the Small Business Administration. The loan has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the Charter School. The loan was funded on May 15, 2020. In the absence of forgiveness, the Charter School will repay \$693,874 and \$879,326 for the years ending June 30, 2021 and 2022, respectively.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE F: SCHOOL FACILITY

During August 2018, the Charter School entered into a sublease agreement with a related party, Friends of Northwest Brooklyn, for property located at 584 Driggs Avenue, Brooklyn, NY, commencing on the date on which the landlord's work is substantially completed, which was August 29, 2018. A first amendment to the sublease was signed in September 2018. The thirty-five year lease calls for rent based on a fixed rent schedule provided in the sublease agreement, as well as annual escalation clauses, and any costs, expenses or other sums required to be paid under the sublease agreement. The lease requires a security deposit of \$225,000 which is included in the accompanying statement of financial position. Rent paid under the terms of this agreement was approximately \$1,309,000 and \$867,000 for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, a related deferred lease liability of \$848,680 and 508,008, respectively, is included in the accompanying statement of financial position. Rent expense for the years ended June 30, 2020 and 2019 was \$1,649,802 and \$1,374,834, respectively.

The future minimum payments on this agreement, through September 2053, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 1,381,000
2022	1,408,000
2023	1,436,000
2024	1,306,000
2025	1,279,000
Thereafter	<u>48,894,000</u>
	<u>\$ 55,704,000</u>

NOTE G: OPERATING LEASE

The Charter School leases office equipment under non-cancelable lease agreements expiring through September 2022. The future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 18,432
2022	13,092
2023	<u>3,273</u>
	<u>\$ 34,797</u>

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE H: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such 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.

NOTE I: CONCENTRATIONS

At June 30, 2020 and 2019, approximately 99% and 98%, respectively, of grants and other receivables relate to certain grants and per-pupil funding due from New York State Department of Education.

During the years ended June 30, 2020 and 2019, approximately 97% and 93% of total operating revenue and support came from per-pupil funding provided by New York State, respectively. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE J: RELATED PARTY TRANSACTIONS

The Charter School is related to Friends of Northwest Brooklyn (the "Organization") through common management. The Organization granted no funds to the Charter School during the year ended June 30, 2020. The Organization granted \$435,001 to the Charter School during the year ended June 30, 2019. The donations are included in contributions on the statement of activities and changes in net assets.

During August of 2018, the Charter School entered into a sublease agreement with the Organization for property located at 584 Driggs Avenue, Brooklyn, NY, as described in Note F. The lease signed between the Organization and a third party on June 29, 2018 is guaranteed by the Charter School. The thirty five-year lease calls for rent based on a fixed rent schedule commencing on the date on which the landlord's work is substantially completed, which was August 29, 2018. The future minimum payments on this agreement, through August 2053, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 932,000
2022	950,000
2023	969,000
2024	989,000
2025	1,009,000
Thereafter	<u>38,558,000</u>
	<u>\$ 43,407,000</u>

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE J: RELATED PARTY TRANSACTIONS, Cont'd

During the year ended June 30, 2020, the Charter School paid certain facility-related costs on behalf of the Organization. At June 30, 2020 and 2019, \$917,198 and \$679,160, respectively, was due to the Charter School from the Organization and is included in the accompanying statement of financial position.

The facts exclude the Charter School from the provisions of accounting principles generally accepted in the United States of America which would otherwise require consolidation with the Organization.

NOTE K: RETIREMENT PLAN

Effective August 1, 2014, the Charter School began sponsoring a 403(b) retirement plan (the "Plan") for its employees. All full-time employees of the Charter School are eligible to participate in the Plan. The Charter School has the opportunity to make a discretionary contribution to the Plan for employees who have achieved one year of service. Employees are fully vested upon receiving the contribution. There were no contributions to the Plan for either of the years ended June 30, 2020 or 2019.

NOTE L: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE M: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

UNITY PREPARATORY CHARTER SCHOOL OF BROOKLYN

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

Board of Trustees
Unity Preparatory Charter School of Brooklyn

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 Unity Preparatory Charter School of Brooklyn, which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Unity Preparatory Charter School of Brooklyn'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 Unity Preparatory Charter School of Brooklyn's internal control. Accordingly, we do not express an opinion on the effectiveness of Unity Preparatory Charter School of Brooklyn'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Unity Preparatory Charter School of Brooklyn'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 9, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	Unity Preparatory Charter School of Brooklyn
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	New York City Department of Education
If located in NYC DOE select CSD:	NYCSD #13
School Fiscal Contact Name:	Chris Doscher
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Mengel Metzger Barr & Co. LLP
School Audit Contact Name:	Michelle M. Cain
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	2018-19

The following items are required to be included:

- 1.) The independent auditor's report on financial statements and notes.
- 2.) Excel template file containing the Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets.
- 3.) Reports on internal controls over financial reporting and on compliance.

The additional items listed below should be included if applicable. Please explain the reason(s) if the items are not included. Examples might include: a written management letter was not issued; the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000; the management letter response will be submitted by the following date (should be no later than 30 days from the submission of the report); etc.

Item	If not included, state the reason(s) below (if not applicable fill in N/A):
Management Letter	Included
Management Letter Response	N/A
Form 990	Being finalized for submission later this month
Federal Single Audit (A-133)	N/A- school did not expend fed funds in excess of \$750K
Corrective Action Plan	N/A

Unity Preparatory Charter School of Brooklyn
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,524,175	\$ 873,743
Grants and contracts receivable	304,637	70,045
Accounts receivables	917,198	679,160
Prepaid Expenses	180,094	17,155
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	3,926,104	1,640,103
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 579,748	\$ 569,127
Restricted Cash	75,245	75,216
Security Deposits	225,000	225,000
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	879,993	869,343
TOTAL ASSETS	<u>4,806,097</u>	<u>2,509,446</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 164,574	\$ 91,267
Accrued payroll, payroll taxes and benefits	446,615	420,809
Current Portion of Loan Payable	-	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	90,373	236,271
Other Current Liabilities	693,874	-
TOTAL CURRENT LIABILITIES	1,395,436	748,347
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ -	\$ -
Deferred Rent	-	-
Due to Related Party	879,326	-
Other Long-Term Liabilities	848,680	508,008
TOTAL LONG-TERM LIABILITIES	1,728,006	508,008
TOTAL LIABILITIES	<u>3,123,442</u>	<u>1,256,355</u>
<u>NET ASSETS</u>		
Unrestricted	\$ -	\$ -
Temporarily restricted	1,682,655	1,253,091
Permanently restricted	-	-
TOTAL NET ASSETS	<u>1,682,655</u>	<u>1,253,091</u>
TOTAL LIABILITIES AND NET ASSETS	<u>4,806,097</u>	<u>2,509,446</u>

Unity Preparatory Charter School of Brooklyn
Statement of Activities
as of June 30

	2020			2019
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 8,663,473	\$ -	\$ 8,663,473	\$ 7,709,975
State and Local Per Pupil Revenue - SPED	1,678,709	-	1,678,709	1,505,814
State and Local Per Pupil Facilities Revenue	1,309,130	-	1,309,130	866,826
Federal Grants	390,043	-	390,043	330,752
State and City Grants	105,537	-	105,537	236,646
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	12,146,892	-	12,146,892	10,650,013
EXPENSES				
Program Services				
Regular Education	\$ 7,978,483	\$ -	\$ 7,978,483	\$ 8,251,570
Special Education	2,965,996	-	2,965,996	2,522,065
Other Programs	-	-	-	-
Total Program Services	10,944,479	-	10,944,479	10,773,635
Management and general	724,694	-	724,694	714,737
Fundraising	64,945	-	64,945	63,879
TOTAL EXPENSES	11,734,118	-	11,734,118	11,552,251
SURPLUS / (DEFICIT) FROM OPERATIONS	412,774	-	412,774	(902,238)
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ 15,020	\$ -	\$ 15,020	4,837
Contributions and Grants	1,770	-	1,770	449,566
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	-	-	-	-
TOTAL SUPPORT AND OTHER REVENUE	16,790	-	16,790	454,403
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	429,564	-	429,564	(447,835)
NET ASSETS - BEGINNING OF YEAR	\$ 1,253,091	\$ -	\$ 1,253,091	\$ 1,700,926
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 1,682,655	\$ -	\$ 1,682,655	\$ 1,253,091

Unity Preparatory Charter School of Brooklyn
Statement of Cash Flows

as of June 30

	<u>2020</u>	<u>2019</u>
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 429,564	\$ (447,835)
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	125,039	141,231
Grants Receivable	(234,592)	168,342
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	(162,939)	91,471
Accounts Payable	73,307	(2,171)
Accrued Expenses	-	-
Accrued Liabilities	25,806	53,402
Contributions and fund-raising activities	-	-
Miscellaneous sources	-	-
Deferred Revenue	(145,898)	208,670
Interest payments	-	-
Other	340,672	508,008
Other	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 450,959	\$ 721,118
CASH FLOWS - INVESTING ACTIVITIES	\$	\$
Purchase of equipment	(135,660)	(395,009)
Other	(238,038)	(904,160)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (373,698)	\$ (1,299,169)
CASH FLOWS - FINANCING ACTIVITIES	\$	\$
Principal payments on long-term debt	-	-
Other	1,573,200	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 1,573,200	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,650,461	\$ (578,051)
Cash at beginning of year	948,959	1,527,010
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,599,420	\$ 948,959

Unity Preparatory Charter School of Brooklyn
Statement of Functional Expenses
as of June 30

		2020							2019		
		Program Services				Supporting Services					
No. of Positions		Regular	Special	Other Education	Total	Fundraising	Management and	Total	Total		
		Education	Education				General				
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
	Personnel Services Costs										
	Administrative Staff Personnel	9.00	63,672	31,672	-	95,344	44,144	365,948	410,092	505,436	507,775
	Instructional Personnel	61.00	3,285,994	1,008,627	-	4,294,621	-	-	-	4,294,621	4,284,978
	Non-Instructional Personnel	30.00	1,923,229	916,729	-	2,839,958	-	-	-	2,839,958	2,754,820
	Total Salaries and Staff	100.00	5,272,895	1,957,028	-	7,229,923	44,144	365,948	410,092	7,640,015	7,547,573
	Fringe Benefits & Payroll Taxes		1,027,112	381,212	-	1,408,324	8,599	71,283	79,882	1,488,206	1,464,897
	Retirement		3,984	1,479	-	5,463	33	277	310	5,773	5,446
	Management Company Fees		-	-	-	-	-	-	-	-	-
	Legal Service		-	-	-	-	-	-	-	-	-
	Accounting / Audit Services		-	-	-	-	-	23,900	23,900	23,900	22,700
	Other Purchased / Professional / Consulting Services		76,928	23,613	-	100,541	500	156,350	156,850	257,391	345,743
	Building and Land Rent / Lease		1,138,641	422,605	-	1,561,246	9,532	79,024	88,556	1,649,802	1,374,834
	Repairs & Maintenance		12,058	4,475	-	16,533	101	837	938	17,471	5,933
	Insurance		43,964	16,317	-	60,281	368	3,051	3,419	63,700	48,833
	Utilities		-	-	-	-	-	-	-	-	-
	Supplies / Materials		165,671	58,045	-	223,716	157	1,296	1,453	225,169	312,602
	Equipment / Furnishings		3,811	1,288	-	5,099	15	127	142	5,241	15,533
	Staff Development		24,660	24,378	-	49,038	-	10,188	10,188	59,226	71,116
	Marketing / Recruitment		49,740	16,586	-	66,326	172	1,424	1,596	67,922	62,205
	Technology		44,546	16,533	-	61,079	373	3,091	3,464	64,543	80,742
	Food Service		-	-	-	-	-	-	-	-	-
	Student Services		-	-	-	-	-	-	-	-	-
	Office Expense		25,017	9,285	-	34,302	209	1,737	1,946	36,248	51,186
	Depreciation		86,298	32,029	-	118,327	722	5,990	6,712	125,039	141,231
	OTHER		3,158	1,123	-	4,281	20	171	191	4,472	1,677
	Total Expenses		\$ 7,978,483	\$ 2,965,996	\$ -	\$ 10,944,479	\$ 64,945	\$ 724,694	\$ 789,639	\$ 11,734,118	\$ 11,552,251

Unity Preparatory Charter School of Brooklyn

Budget Overview: FY20-21 - FY21 P&L

July 2020 - June 2021

		Total
Income		
4100 State Grants		
4101 Per Pupil General Education		8,641,928.04
4102 Per Pupil Special Education		1,682,393.88
4104 NYSTL - Textbook Materials		33,018.00
4105 NYSSL - Computer Software		8,469.00
4106 NYSLIB - Library Materials		3,538.00
4108 Per Pupil Supplement		80,400.00
4109 Per Pupil Lease Assistance		1,380,653.76
Total 4100 State Grants	\$	11,830,400.68
4200 Federal Grants		
4201 IDEA Special Needs		88,873.00
4202 Title I		203,539.00
4203 Title IIA		29,776.00
4205 E-Rate		18,727.00
Total 4200 Federal Grants	\$	340,915.00
4300 Contributions & Donations		
4302 Unrestricted Contributions		338,354.00
Total 4300 Contributions & Donations	\$	338,354.00
4500 Interest Income		
4501 Interest Income		36.00
Total 4500 Interest Income	\$	36.00
Total Income	\$	12,509,705.68
Gross Profit	\$	12,509,705.68
Expenses		
5000 Compensation		
5100 Administrative Staff		
5101 Head of School		128,000.00
5102 Director of Operations		99,000.00
5104 Operations Manager		55,000.00
5105 Operations Associate		145,000.00
5108 Data and Testing Manager		88,000.00
Total 5100 Administrative Staff	\$	515,000.00

Unity Preparatory Charter School of Brooklyn
Budget Overview: FY20-21 - FY21 P&L
 July 2020 - June 2021

	Total
5200 Non-Faculty Staff	
5202 Co-Principal	468,000.00
5204 Director of Support Services	355,000.00
5205 Director of Athletics and PE	198,000.00
5207 Dean of Students - Lower School	438,000.00
5213 Social Worker	225,000.00
5214 Manager of Family & Community Partnerships and Recruitment	78,000.00
5216 School Counselor	296,500.00
5218 Instructional and Literacy Coach	785,000.00
5220 School Aide	59,000.00
Total 5200 Non-Faculty Staff	\$ 2,902,500.00
5300 Faculty Staff	
5304 Associate	4,328,100.00
5307 Stipends	40,000.00
5308 Summer School	50,000.00
5309 Internal Substitute Teachers	8,000.00
5313 Stipends- Pay Out of Unused PTO	8,000.00
Total 5300 Faculty Staff	\$ 4,434,100.00
Total 5000 Compensation	\$ 7,851,600.00
5500 Payroll Taxes and Benefits	
5502 NY State Unemployment Insurance	78,516.00
5503 Social Security - ER	486,799.20
5505 Medicare - ER	113,848.20
5511 NY Disability	3,600.00
Total 5500 Payroll Taxes and Benefits	\$ 682,763.40
5600 Employee Benefits	
5601 Medical Insurance	719,938.00
5602 Dental Insurance	26,664.00
5603 Vision Insurance	6,073.00
5604 Worker's Compensation Expense	78,516.00
5605 STD, LTD, Life Insur. and NYS Disability Insur.	25,576.80
5606 TransitChek Fees	1,448.00
5607 HRA	34,199.00
Total 5600 Employee Benefits	\$ 892,414.80
5700 Retirement & Pension	
5703 403(b) Expenses	6,528.00
Total 5700 Retirement & Pension	\$ 6,528.00
6100 General/Administrative	
6101 Office Supplies	24,000.00
6102 Furniture (Non-Capitalized)	3,000.00
6103 Equipment (Non-Capitalized)	500.00

Unity Preparatory Charter School of Brooklyn
Budget Overview: FY20-21 - FY21 P&L
 July 2020 - June 2021

	Total
6104 Postage	1,562.00
6105 Copy Machine Lease	18,432.00
6107 Staff Transportation	208.00
6108 Student Meals	7,436.00
6109 Student Uniforms/ Apparel	10,608.00
6110 Team Building/ Staff Appreciation	4,166.00
6112 Janitorial/Maintenance Supplies	4,180.00
6113 Staff Appreciation- Water	2,291.00
6114 Staff Appreciation- Food	4,999.00
Total 6100 General/Administrative	\$ 81,382.00
6200 Insurance	
6201 General	70,070.00
Total 6200 Insurance	\$ 70,070.00
6300 Professional Services	
6301 Accounting/Audit	23,460.00
6302 Payroll Services	9,785.00
6303 Financial Management Services	140,000.00
6306 External Substitute Services	5,000.00
6310 Grant Writing	5,000.00
6311 Translation Services	5,000.00
6312 Clubs	15,000.00
6317 Athletics	90,000.00
Total 6300 Professional Services	\$ 293,245.00
6400 Professional Development	
6401 Instructional Staff Development	60,000.00
6404 Misc Board Expenses	150.00
6405 Staff Development- Math	20,000.00
6406 Staff Development- ELA	34,000.00
6407 Staff Development- History	4,000.00
6408 Staff Development- Science	10,000.00
6409 Staff Development- Enrichment/PE/Dance	2,000.00
6410 Staff Development- Operations	500.00
6411 Staff Development- Culture	5,000.00
6412 Staff Development- SPED	17,000.00
6413 Staff Retreat	2,000.00
Total 6400 Professional Development	\$ 154,650.00
6500 Recruitment	
6501 Student Recruitment	34,000.00
6502 Staff Recruitment	20,000.00
6503 Staff Certifications	1,000.00
6504 Graduate School Subsidies	6,000.00

Unity Preparatory Charter School of Brooklyn
Budget Overview: FY20-21 - FY21 P&L
 July 2020 - June 2021

		<u>Total</u>
Total 6500 Recruitment	\$	61,000.00
7100 Curriculum and Classroom		
7101 Classroom Supplies		15,000.00
7102 Classroom Libraries		6,000.00
7103 Math Supplies & Materials		12,000.00
7104 ELA Supplies & Materials		12,000.00
7105 Science Supplies & Materials		14,000.00
7106 Social Studies Supplies & Materials		5,000.00
7107 Spanish Supplies & Materials		4,000.00
7108 Art Supplies & Materials		5,000.00
7109 NYSTL Expense		33,018.00
7110 NYSSL Expense		8,469.00
7111 NYSLIB Expense		3,538.00
7112 Classroom Furniture (Non-Asset)		5,000.00
7113 Classroom Equipment (Non-Asset)		8,149.00
7115 Assessment Supplies and Materials		20,000.00
7117 Tutoring Expenses		4,000.00
7120 Theatre Supplies		3,000.00
7121 Music Supplies		1,000.00
7122 PE/Dance Equipment		1,000.00
7124 Field Trips		21,000.00
7125 Student Transportation		64,000.00
7127 Graduation		5,000.00
7129 Student Rewards		7,000.00
7131 Family & Community Engagement		1,500.00
7135 Peer Mediation		500.00
7139 Honor Society		3,000.00
7140 Recess Supplies		200.00
7142 Computer Science Supplies and Materials		1,000.00
7143 Health Class Supplies & Materials		3,000.00
7144 College and Career Supplies and Materials		17,000.00
7145 ESL/ELL Supplies and Materials		600.00

Unity Preparatory Charter School of Brooklyn
Budget Overview: FY20-21 - FY21 P&L
 July 2020 - June 2021

	Total
7146 Advisory Supplies	3,500.00
7147 Round Table Supplies	7,000.00
7148 Attendance Intervention Supplies	2,000.00
7149 SpEd Supplies	8,000.00
7150 Counseling Supplies	500.00
Total 7100 Curriculum and Classroom	\$ 304,974.00
8100 Facility Operations & Maintenance	
8101 Rent/Lease Payments	1,380,653.76
8103 Repairs & Maintenance	5,000.00
8109 Deferred Rent	273,075.00
Total 8100 Facility Operations & Maintenance	\$ 1,658,728.76
8200 Technology/ Communication Expense	
8201 Telephone	2,564.00
8203 Internet Connectivity Expenses	22,032.00
8204 Network Maintenance/ Tech Support Services	40,800.00
8205 Database Services	10,583.00
8206 Website Consultants/ Expenses	4,200.00
8207 Technology Supplies	8,367.00
Total 8200 Technology/ Communication Expense	\$ 88,546.00
8800 Miscellaneous Expenses	
8801 Bank Service Charges	100.00
Total 8800 Miscellaneous Expenses	\$ 100.00
8900 Depreciation Expense & Amortization	
8901 Depreciation Expense	169,952.00
Total 8900 Depreciation Expense & Amortization	\$ 169,952.00
Total Expenses	\$ 12,315,953.96
Net Operating Income	\$ 193,751.72
Net Income	\$ 193,751.72



UNITY PREPARATORY CHARTER SCHOOL

\$75,001.72

Available balance



\$75,001.72

Present balance

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[Paperless](#)

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Uncollected funds

Total \$0.00

▼ Account activity

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All transactions



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Date	Description	Type	Amount	Balance
Sep 30, 2020	INTEREST PAYMENT	Misc. credit	\$1.72	\$75,001.72
Sep 3, 2020	Transfer from CHK XXXXX1030	Account transfer	\$75,000.00	\$75,000.00

You've reached the end of your account activity.

If you have older transactions that aren't shown in your account activity, [monthly statements](#).