

GENESEE COMMUNITY CHARTER SCHOOL

FINANCIAL STATEMENTS

June 30, 2019



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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Genesee Community Charter School
Rochester, New York

We have audited the accompanying financial statements of Genesee Community Charter School (a nonprofit organization), which comprise the balance sheets as of June 30, 2019 and 2018, the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2019, 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 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

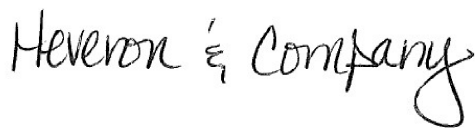
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesee Community Charter School as of June 30, 2019 and 2018 and the changes in net assets and cash flows for the years then ended, and the functional expenses for the year ended June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Genesee Community Charter School's statement of functional expenses for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2018. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2018 is consistent, in all material respects with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 02, 2019 on our consideration of Genesee Community Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Genesee Community Charter School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Heveron & Company".

Heveron & Company CPAs

Rochester, New York

October 02, 2019

**GENESEE COMMUNITY CHARTER SCHOOL
BALANCE SHEETS
June 30, 2019 and 2018**

ASSETS

	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 284,949	\$ 85,381
Accounts Receivable	20,885	22,229
Grants Receivable	137,404	196,081
Prepaid Expenses	<u>115,118</u>	<u>106,769</u>
Total Current Assets	<u>558,356</u>	<u>410,460</u>
<u>Fixed Assets</u>		
Leasehold Improvements and Equipment, Net	<u>821,943</u>	<u>956,750</u>
<u>Other Assets</u>		
Investments	1,016,839	944,427
Restricted Cash - Escrow Account	75,887	75,826
Deposits	<u>3,478</u>	<u>3,478</u>
Total Other Assets	<u>1,096,204</u>	<u>1,023,731</u>
TOTAL ASSETS	<u><u>2,476,503</u></u>	<u><u>2,390,941</u></u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts Payable	13,742	77,715
Accrued Payroll	228,706	204,824
Accrued Liabilities	209,370	200,193
Deferred Revenue	<u>8,548</u>	<u>-</u>
Total Current Liabilities	<u>460,366</u>	<u>482,732</u>
<u>Net Assets</u>		
Net Assets Without Donor Restrictions:		
Undesignated	1,941,137	1,833,209
Designated by the Board	<u>75,000</u>	<u>75,000</u>
Total Net Assets Without Donor Restrictions	<u>2,016,137</u>	<u>1,908,209</u>
Total Net Assets	<u>2,016,137</u>	<u>1,908,209</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,476,503</u></u>	<u><u>\$ 2,390,941</u></u>

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
For The Years Ended June 30, 2019 and 2018

	2019	2018
<u>Revenues, Gains and Other Support:</u>		
Public School District:		
Resident Student Enrollment	\$ 2,990,578	\$ 2,853,023
Special Charter School Aid	60,052	-
Federal Grants	239,340	242,999
State Grants	18,519	18,575
Contributions	13,212	11,223
Food Service Fees	74,896	75,043
Field Study Fees	34,003	44,851
Other Income	11,469	18,128
Interest/Dividends Income	31,244	26,710
Net Investment Returns	41,272	27,091
Total Revenues and Other Support	3,514,585	3,317,643
<u>Expenses:</u>		
<u>Program Services:</u>		
Regular Education	2,729,036	2,708,178
Special Education	86,180	91,888
Food Services	84,956	81,940
Total Program Services Expense	2,900,172	2,882,006
<u>Supporting Services:</u>		
Management and General	506,485	505,144
Total Expenses	3,406,657	3,387,150
Change in Net Assets	107,928	(69,507)
Net Assets - Beginning of Year	1,908,209	1,977,716
Net Assets - End of Year	\$ 2,016,137	\$ 1,908,209

See Independent Auditors' Report and Notes to Financial Statements.

**GENESEE COMMUNITY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES**

For The Year Ended June 30, 2019

(With Comparative Totals For The Year Ended June 30, 2018)

	No. of Positions	Program Services			Management and General	Totals	
		Regular Education	Special Education	Food Services		2019	2018
Personnel Services Costs							
Instructional Personnel	26	\$ 1,491,815	\$ -	\$ -	\$ -	\$ 1,491,815	\$ 1,525,582
Administrative Staff Personnel	7	78,889	57,035	-	237,686	373,610	305,734
Non-Instructional Personnel	<u>2</u>	<u>22,402</u>	<u>-</u>	<u>6,319</u>	<u>-</u>	<u>28,721</u>	<u>13,764</u>
Total Salaries	35	1,593,106	57,035	6,319	237,686	1,894,146	1,845,080
Employee Benefits and Payroll Taxes		338,781	4,716	483	68,823	412,803	417,516
Retirement Expense		<u>159,613</u>	<u>5,460</u>	<u>-</u>	<u>26,732</u>	<u>191,805</u>	<u>183,700</u>
Total Personnel Services		2,091,500	67,211	6,802	333,241	2,498,754	2,446,296
Rent		154,587	4,087	-	13,779	172,453	172,788
Depreciation and Amortization		138,146	4,273	-	-	142,419	149,026
Staff Development		94,555	8,836	-	1,538	104,929	110,879
Other Purchased Services		38,663	-	-	62,062	100,725	97,301
Student Services		95,368	-	-	-	95,368	122,747
Food Service		-	-	76,948	-	76,948	71,674
Office Expense		31,046	-	-	18,976	50,022	66,438
Supplies and Materials		40,899	-	-	-	40,899	41,637
Insurance		10,153	1,773	1,206	21,219	34,351	31,297
Technology		14,665	-	-	16,730	31,395	46,885
Accounting and Auditing Fees		-	-	-	29,348	29,348	23,013
Furniture		12,639	-	-	-	12,639	-
Legal		-	-	-	9,592	9,592	6,663
Repairs and Maintenance		<u>6,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,815</u>	<u>506</u>
Total Expenses		<u>\$ 2,729,036</u>	<u>\$ 86,180</u>	<u>\$ 84,956</u>	<u>\$ 506,485</u>	<u>\$ 3,406,657</u>	<u>\$ 3,387,150</u>

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities</u>		
Receipts from School Districts	\$ 3,033,717	\$ 2,907,113
Other Sources	168,794	135,091
Contributions	13,212	11,223
Grants	298,017	201,963
Payments to Vendors for Goods and Services Rendered	(809,667)	(712,328)
Payments to Charter School Personnel for Services Rendered	<u>(2,465,691)</u>	<u>(2,466,629)</u>
Net Cash Flows Provided By Operating Activities	<u>238,382</u>	<u>76,433</u>
 <u>Cash Flows From Investing Activities</u>		
Purchase of Fixed Assets	(7,612)	(40,889)
Purchase of Investments	<u>(31,141)</u>	<u>(26,723)</u>
Net Cash Flows Used By Investing Activities	<u>(38,753)</u>	<u>(67,612)</u>
 Net Increase in Cash and Cash Equivalents	199,629	8,821
 Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	<u>161,207</u>	<u>152,386</u>
 Cash and Cash Equivalents, and Restricted Cash - End of Year	<u><u>\$ 360,836</u></u>	<u><u>\$ 161,207</u></u>

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2019 and 2018
(Continued)

	2019	2018
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$ 107,928	\$ (69,507)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	142,419	149,026
Net Investment Returns	(41,272)	(27,091)
(Increase)/Decrease In:		
Accounts Receivable	1,345	34,688
Grants Receivable	58,677	(41,035)
Deposits	-	(718)
Prepaid Expenses	(8,349)	8,161
Increase/(Decrease) In:		
Accounts Payable	(63,973)	63,105
Accrued Payroll	23,882	(5,091)
Accrued Liabilities	9,177	(15,243)
Deferred Revenue	8,548	(19,862)
 Net Cash Flows Provided By Operating Activities	 \$ 238,382	 \$ 76,433

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Genesee Community Charter School (the School) is a nonprofit organization, that was formed to provide a rich educational experience that values intellectual rigor, respect for diversity, and community responsibility. The School's local history-based and globally-connected programs immerse the children in investigation and discovery, extensively using the cultural and natural resources of the Rochester, NY community. The School focuses on nurturing the children's natural abilities to be reflective questioners, articulate communicators, critical thinkers, and skilled problem solvers, enabling them to reach exemplary standards. The School's revenue is predominantly Charter School Basic Tuition from the Rochester City School District and a few other surrounding school districts.

The main programs of the School are as follows:

REGULAR EDUCATION: The School curriculum is organized around six historical time periods - Prehistory, Early People/Woodland Peoples, Indians/Explorers/Settlers, Village to City, City Grows, and Today and Tomorrow. The School integrates Math, Science, Social Studies, Language Arts, Art, Music, and Physical Education to provide a rich and challenging curriculum, while keeping in alignment with the New York State Learning Standards.

SPECIAL EDUCATION: The School is open to all children and does not discriminate on the basis of ethnicity, national origin, gender, disability, or any other grounds that would be unlawful or deny the civil rights of any individual. In accordance with the Individuals with Disabilities Education Act, the Rehabilitation Act, and Section 504, and the Americans with Disabilities Act, the School provides a free and appropriate education, in the least restrictive environment to students with disabilities. The primary service delivery for students with special needs is inclusion. For students requiring supplemental services, the School contracts with local individuals or agencies to provide the required services outlined in the student's Individual Education Plan or 504 Plan.

FOOD SERVICES: The School believes that healthy meals are an important part of a child's day. Breakfast and lunch are delivered and served "family style" every day, as the School does not have a cafeteria or kitchen facilities. The children eat and socialize with each other, parents, and teachers in their classrooms. All meals meet the required New York State Child Nutrition Standards, and the School subscribes to the New York State free and reduced priced meal program.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the School reports information regarding its financial position and activities according to 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 governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

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.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based 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 statements of activities as net assets released from restrictions.

There were no net assets with donor restrictions at June 30, 2019 and 2018.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2019
(Continued)

NOTE 1 -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributions

Contributions are recorded at the time of receipt or when evidence of a non-conditional promise to give has been received. Promises subject to conditions are not recorded as income until those conditions have been met. Contributions that are expected to be received in future years are recorded at their present value.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenue and expenses. Actual results could differ from those estimates.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, if necessary, management provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at June 30, 2019 and 2018.

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2019
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Determining Fair Value of Financial Assets and Liabilities (Continued:)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used, need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Income Taxes

The Internal Revenue Service has determined that the School is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for federal or state income taxes has been made.

Deferred Revenue

Deferred revenue represents funds received related to the next school year.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, and management and general categories. An immaterial amount of fund raising costs for the years ended June 30, 2019 and 2018 are included in management and general expenses.

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other expenses, which are allocated on the basis of estimates of time and effort for each category.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total. 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 School's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

GENESEE COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Fixed Assets

Leasehold improvements and equipment are stated at cost, less accumulated depreciation and amortization. The School capitalizes property and equipment with a cost of over \$1,000 and an estimated life of three or more years. The cost and accumulated depreciation of property items sold or retired are eliminated from the accounts. Minor expenditures for maintenance, repairs, and renewals are expensed. Donated assets are recorded at their estimated fair market value at the time of donation.

Fixed assets consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Leasehold Improvements	\$ 2,020,999	\$ 2,020,999
Equipment	350,878	343,266
Less: Accumulated Depreciation and Amortization	<u>(1,549,934)</u>	<u>(1,407,515)</u>
Net Improvements and Equipment	<u>\$ 821,943</u>	<u>\$ 956,750</u>

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of assets. The ranges of estimated useful lives used in computing depreciation are as follows:

	<u>Years</u>
Leasehold Improvements	7-12
Equipment	3-10

Depreciation and amortization expense amounted to \$142,419 and \$149,026 for the years ended June 30, 2019 and 2018, respectively.

Recent Accounting Pronouncements

During 2018, the School adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classifications and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include, when applicable, the presentation of two classes of net assets versus the previously required three. The guidance also enhances disclosures for board designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification.

**GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019
(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Recent Accounting Pronouncements (Continued)

A recap of the net asset reclassifications driven by the adoption of ASU No. 2016-14 as of June 30, 2018 follows.

<u>Net Asset Classifications</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As Previously Presented:			
Unrestricted	\$ 1,908,209	\$ -	\$ 1,908,209
Temporarily Restricted	-	-	-
Permanently Restricted	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net assets, as reclassified	<u>\$ 1,908,209</u>	<u>\$ -</u>	<u>\$ 1,908,209</u>

NOTE 2 - LIQUIDITY AND AVAILABILITY

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

At June 30, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 284,949
Accounts receivable	20,885
Grants receivable	<u>137,404</u>
	<u>\$ 443,238</u>

Resident Student Enrollment fees are received throughout the school year to provide additional funds for general expenditures.

**GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019
(Continued)**

NOTE 3 - CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

For the purposes of the statements of cash flows, cash and cash equivalents include all cash on hand and in banks, which at times, may exceed federally insured limits. The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The School has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

The School maintains cash in an escrow account in accordance with the terms of their charter agreement. The escrow is restricted to fund legal and other costs related to the dissolution of the School.

Cash and cash equivalents, and restricted cash consisted of the following at June 30:

	2019	2018
Undeposited Funds	\$ 127	\$ 125
Checking	231,152	31,629
Money Market	53,670	53,627
Total Cash and Cash Equivalents	284,949	85,381
Restricted Cash - Escrow	75,887	75,826
Total Cash and Cash Equivalents, and Restricted Cash	\$ 360,836	\$ 161,207

NOTE 4 - COMMITMENTS

The School has entered into an operating lease for its facilities. The lease expires June 2021. Annual base rent during each year of the lease is \$172,500, including utility costs and janitorial labor. This year, the School paid additional rent to cover any increase in the lessor's utility costs and janitorial labor. During the year ended June 30, 2017, the School advanced the cost for HVAC and window upgrades totaling \$183,713. This cost will be recouped by the School in the form of an annual credit against the rent in an amount equal to 1/10 of 1/2 of the final expenditures. This discount will be applied beginning with the September 2016 payment. The School has the option to renew this lease for one additional five year term at a Consumer Price Index adjusted rent. Rent expense for the years ended June 30, 2019 and 2018 totaled \$172,453 and \$172,788, respectively.

Future minimum lease payments are as follows for the year ended June 30:

Year	Amount
2020	\$ 172,500
2021	172,500

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2019
(Continued)

NOTE 5 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the accompanying financial statements.

A summary of investments at market value at June 30, is as follows:

	<u>2019</u>	<u>2018</u>
Mutual Funds - Equities	\$ 364,410	\$ 487,754
Mutual Funds - Bonds	<u>652,429</u>	<u>456,673</u>
Total	<u>\$ 1,016,839</u>	<u>\$ 944,427</u>

Mutual fund investments are based on Level 1 inputs in the hierarchy as described in Note 1.

There were no changes in the valuation techniques during the year.

NOTE 6 - SPECIAL EDUCATION AND OTHER SERVICES

The majority of special education services required by students of the School are provided by the Rochester City School District. The Rochester City School District also provided transportation. The School was unable to determine a value for these services, thus, these financial statements do not reflect revenue or expenses associated with those services.

Occasionally, the School does need to offer special education services that are not provided through the Rochester City School District. The School uses contracted services at these times; the revenue and expense for these services have been included in the financial statements.

The School also receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Rochester City School District. The total aid received for the years ended June 30, 2019 and 2018 was \$18,519 and \$18,575, respectively.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2019
(Continued)

NOTE 7 - PENSION EXPENSE

The School participates in the New York State Teachers' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employers are required to contribute at an actuarially determined rate. Rates applicable to the fiscal years ended June 30, 2019 and 2018 were 10.62% and 9.80%, respectively.

The retirement contribution expense totaled \$176,655 and \$176,121 for the years ended June 30, 2019 and 2018, respectively.

The School also has a 403(b) annuity retirement plan for its employees. After one year of service, employees at least 21 years of age that work a minimum of 1,000 hours annually, may contribute a portion of their taxable salary not to exceed the statutory limits each year. Eligible employees may also receive discretionary amounts the School contributes. The Board of Trustees voted not to make a discretionary contribution for the years ended June 30, 2019 and 2018.

NOTE 8 - BOARD-DESIGNATED NET ASSETS

As of June 30, 2019 and 2018, the Board designated net assets consisted of \$75,000 to be held in an escrow account in case of a future dissolution as required by the New York State Department of Education.

**GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019
(Continued)**

NOTE 9 - LINE OF CREDIT

The School has a line of credit with a maximum authorization of \$200,000. Advances against this line bears interest at a rate of 1.5% above the current bank prime rate. There were no amounts outstanding at June 30, 2019 and 2018.

NOTE 10 - DONATED SERVICES AND GOODS

The School receives donated services that do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the years ended June 30, 2019 and 2018, approximately 150 families provided 3,324 and 5,942 hours of service, respectively. There were also 13 and 14 board members who donated 280 and 342 hours during the years ended June 30, 2019 and 2018, respectively. Volunteers help with many tasks at the School such as serving meals, chaperoning field studies, preparing classroom materials, and serving on the board.

NOTE 11 - ACCOUNTING CHANGE

The School has adopted ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. Management believes that the adoption of the new accounting standard provides a better presentation of cash flows to the user of its financial statements. Before the change, restricted cash and restricted cash and cash equivalents should not have been included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts reported on the statement of cash flows, but now are since the adoption of the standard.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 02, 2019, which is the date the statements were available for issuance.

GENESEE COMMUNITY CHARTER SCHOOL

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2019



**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

To the Board of Trustees
Genesee Community 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 Genesee Community Charter School (a nonprofit organization), which comprise the balance sheet as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 02, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Genesee Community Charter 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Genesee Community Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Genesee Community Charter 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.



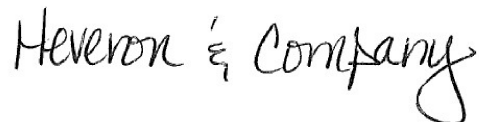
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Genesee Community Charter School's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

A handwritten signature in cursive script that reads "Heveron & Company".

Heveron & Company CPAs

Rochester, New York

October 02, 2019