

GENESEE COMMUNITY CHARTER SCHOOL

FINANCIAL STATEMENTS

June 30, 2021



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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 New York State nonprofit organization), which comprise the balance sheets as of June 30, 2021 and 2020, the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2021, 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

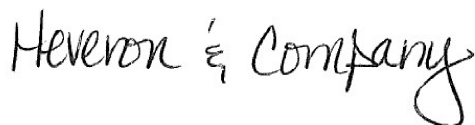
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesee Community Charter School as of June 30, 2021 and 2020 and the changes in net assets and cash flows for the years then ended, and the functional expenses for the year ended June 30, 2021 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, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2020. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2020 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 13, 2021 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.



Heveron & Company CPAs

Rochester, New York

October 13, 2021

**GENESEE COMMUNITY CHARTER SCHOOL
BALANCE SHEETS
June 30, 2021 and 2020**

ASSETS

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|-----------------------------|
| <u>Current Assets</u> | | |
| Cash and Cash Equivalents | \$ 282,976 | \$ 340,246 |
| Accounts Receivable | 16,334 | 54,706 |
| Pledges and Grants Receivable | 116,743 | 76,847 |
| Prepaid Expenses | <u>60,402</u> | <u>68,454</u> |
| Total Current Assets | <u>476,455</u> | <u>540,253</u> |
| <u>Fixed Assets</u> | | |
| Leasehold Improvements and Equipment, Net | <u>556,463</u> | <u>684,276</u> |
| <u>Other Assets</u> | | |
| Investments | 1,278,580 | 1,094,833 |
| Restricted Cash - Escrow Account | 100,116 | 100,066 |
| Deposits | <u>3,478</u> | <u>3,478</u> |
| Total Other Assets | <u>1,382,174</u> | <u>1,198,377</u> |
| TOTAL ASSETS | <u><u>2,415,092</u></u> | <u><u>2,422,906</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|---|--------------------------------|--------------------------------|
| <u>Current Liabilities</u> | | |
| Accounts Payable | 26,400 | 9,179 |
| Accrued Payroll | 282,903 | 217,842 |
| Accrued Liabilities | 183,308 | 184,868 |
| Deferred Revenue | <u>5,175</u> | <u>-</u> |
| Total Current Liabilities | <u>497,786</u> | <u>411,889</u> |
| <u>Net Assets</u> | | |
| Net Assets Without Donor Restrictions: | | |
| Undesignated | 1,067,306 | 1,911,017 |
| Designated by the Board | <u>850,000</u> | <u>100,000</u> |
| Total Net Assets Without Donor Restrictions | <u>1,917,306</u> | <u>2,011,017</u> |
| Total Net Assets | <u>1,917,306</u> | <u>2,011,017</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 2,415,092</u></u> | <u><u>\$ 2,422,906</u></u> |

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
For The Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|---|--------------|--------------|
| <u>Revenues, Gains and Other Support:</u> | | |
| Public School District: | | |
| Resident Student Enrollment | \$ 2,908,265 | \$ 3,007,233 |
| Federal Grants | 138,698 | 69,884 |
| State Grants | 17,738 | 18,025 |
| Contributions | 36,291 | 34,685 |
| Food Service Fees | 66,729 | 63,824 |
| Field Study Fees | - | 26,724 |
| Other Income | 825 | 18,610 |
| Interest/Dividends Income | 32,723 | 25,386 |
| Net Investment Returns | 130,798 | 52,728 |
| Total Revenues, Gains, and Other Support | 3,332,067 | 3,317,099 |
| <u>Expenses:</u> | | |
| <u>Program Services:</u> | | |
| Regular Education | 2,739,466 | 2,714,903 |
| Special Education | 124,896 | 88,679 |
| Food Services | 82,547 | 85,888 |
| Total Program Services Expense | 2,946,909 | 2,889,470 |
| <u>Supporting Services:</u> | | |
| Management and General | 478,869 | 432,749 |
| Total Expenses | 3,425,778 | 3,322,219 |
| Change in Net Assets | (93,711) | (5,120) |
| Net Assets - Beginning of Year | 2,011,017 | 2,016,137 |
| Net Assets - End of Year | \$ 1,917,306 | \$ 2,011,017 |

See Independent Auditors' Report and Notes to Financial Statements.

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

For The Year Ended June 30, 2021

(With Comparative Totals For The Year Ended June 30, 2020)

| | No. of Positions | Program Services | | | Management and General | Totals | |
|-------------------------------------|---------------------|----------------------|----------------------|------------------|---------------------------|---------------------|---------------------|
| | | Regular Education | Special Education | Food Services | | 2021 | 2020 |
| Personnel Services Costs | | | | | | | |
| Instructional Personnel | 29 | \$ 1,434,113 | \$ - | \$ - | \$ - | \$ 1,434,113 | \$ 1,508,729 |
| Administrative Staff Personnel | 3 | 81,255 | 95,212 | - | 216,397 | 392,864 | 354,152 |
| Non-Instructional Personnel | 5 | 91,777 | - | 10,430 | - | 102,207 | 53,859 |
| Total Salaries | 37 | 1,607,145 | 95,212 | 10,430 | 216,397 | 1,929,184 | 1,916,740 |
| Employee Benefits and Payroll Taxes | | 381,572 | 10,626 | 834 | 56,169 | 449,201 | 426,089 |
| Retirement Expense | | 135,730 | - | - | 30,464 | 166,194 | 158,518 |
| Total Personnel Services | | 2,124,447 | 105,838 | 11,264 | 303,030 | 2,544,579 | 2,501,347 |
| Rent | | 201,828 | 6,765 | 2,255 | 9,020 | 219,868 | 172,141 |
| Other Purchased Services | | 52,617 | - | - | 107,173 | 159,790 | 89,863 |
| Depreciation and Amortization | | 129,557 | 4,007 | - | - | 133,564 | 137,666 |
| Food Service | | - | - | 68,265 | - | 68,265 | 70,695 |
| Technology | | 52,058 | - | - | 480 | 52,538 | 10,057 |
| Staff Development | | 32,541 | 4,473 | - | 3,661 | 40,675 | 66,647 |
| Office Expense | | 28,477 | - | - | 11,312 | 39,789 | 44,502 |
| Supplies and Materials | | 38,507 | - | - | 252 | 38,759 | 44,330 |
| Insurance | | 22,116 | 3,813 | 763 | 11,440 | 38,132 | 40,203 |
| Student Services | | 38,228 | - | - | - | 38,228 | 91,611 |
| Accounting and Auditing Fees | | - | - | - | 22,951 | 22,951 | 22,802 |
| Furniture | | 10,601 | - | - | - | 10,601 | 10,601 |
| Legal | | - | - | - | 9,550 | 9,550 | 9,688 |
| Repairs and Maintenance | | 8,489 | - | - | - | 8,489 | 10,066 |
| Total Expenses | | <u>\$ 2,739,466</u> | <u>\$ 124,896</u> | <u>\$ 82,547</u> | <u>\$ 478,869</u> | <u>\$ 3,425,778</u> | <u>\$ 3,322,219</u> |

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|
| <u>Cash Flows From Operating Activities</u> | | |
| Receipts from School Districts | \$ 2,950,848 | \$ 2,980,158 |
| Other Sources | 99,770 | 127,142 |
| Contributions | 7,557 | 14,396 |
| Grants | 84,195 | 150,730 |
| Payments to Vendors for Goods and Services Rendered | (680,098) | (630,974) |
| Payments to Charter School Personnel for Services Rendered | <u>(2,481,085)</u> | <u>(2,536,714)</u> |
| Net Cash Flows Provided/(Used) By Operating Activities | <u>(18,813)</u> | <u>104,738</u> |
| <u>Cash Flows From Investing Activities</u> | | |
| Purchase of Fixed Assets | (5,750) | - |
| Purchase of Investments | <u>(32,657)</u> | <u>(25,262)</u> |
| Net Cash Flows Used By Investing Activities | <u>(38,407)</u> | <u>(25,262)</u> |
| Net Increase/(Decrease) in Cash, Cash Equivalents, and Restricted Cash | (57,220) | 79,476 |
| Cash and Cash Equivalents, and Restricted Cash - Beginning of Year | <u>440,312</u> | <u>360,836</u> |
| Cash and Cash Equivalents, and Restricted Cash - End of Year | <u>\$ 383,092</u> | <u>\$ 440,312</u> |

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2021 and 2020
(Continued)

| | 2021 | 2020 |
|--|-------------|------------|
| <u>Reconciliation of Change in Net Assets to Net Cash</u> | | |
| <u>Provided by Operating Activities</u> | | |
| Change in Net Assets | \$ (93,711) | \$ (5,120) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 133,564 | 137,666 |
| Net Investment Returns | (130,798) | (52,728) |
| (Increase)/Decrease In: | | |
| Accounts Receivable | 38,369 | (33,824) |
| Pledges and Grants Receivable | (60,186) | 60,557 |
| Prepaid Expenses | 8,052 | 46,664 |
| Increase/(Decrease) In: | | |
| Accounts Payable | 17,221 | (4,563) |
| Accrued Payroll | 65,061 | (10,864) |
| Accrued Liabilities | (1,560) | (24,502) |
| Deferred Revenue | 5,175 | (8,548) |
| Net Cash Flows Provided/(Used) By Operating Activities | \$ (18,813) | \$ 104,738 |

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, Native Americans/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, 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, 2021

(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, 2021 and 2020.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2021
(Continued)

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

Contributions

The School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. 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 met.

Revenue and Revenue Recognition

A portion of the 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 School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the balance sheet.

The School recognizes revenue derived from tuition and food service. Tuition income is recognized during the school year based on enrollment. Food service revenue is recognized when earned at the time of service.

In 2020, the School analyzed the provisions of ASU 2014-09, "*Revenue from Contracts with Customers*", and determined that no significant changes in the way the school recognizes revenue were necessary, however, the presentation and disclosures of revenue has been enhanced.

Deferred Revenue

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

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.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2021
(Continued)

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

Accounts, Pledges, and Grants Receivable

Accounts, pledges, 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, 2021 and 2020.

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.

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.

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

**June 30, 2021
(Continued)**

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

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, 2021 and 2020 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.

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.

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, 2020 from which the summarized information was derived.

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 \$5,000 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.

GENESEE COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(Continued)

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

Fixed Assets (Continued)

Fixed assets consisted of the following at June 30:

| | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|
| Leasehold Improvements | \$ 2,020,999 | \$ 2,020,999 |
| Equipment | 356,628 | 350,878 |
| Less: Accumulated Depreciation and Amortization | <u>(1,821,164)</u> | <u>(1,687,601)</u> |
| Net Improvements and Equipment | <u>\$ 556,463</u> | <u>\$ 684,276</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 \$133,564 and \$137,666 for the years ended June 30, 2021 and 2020, respectively.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. This guidance implements a single framework for recognition of all revenue earned with customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, timing, and uncertainty of revenues and cash flows arising from contracts with customers. The guidance was effective for the Organization's year ended June 30, 2020.

During the year ended June 30, 2020, the School adopted ASU No. 2014-09 along with the practical expedient, which allows modifications to contracts to be applied at the time of adoption. The School receives revenue from several sources and recognizes revenue based on when performance obligations are met.

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

**June 30, 2021
(Continued)**

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

Recent Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional or unconditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of June 30, 2019.

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

| | 2021 | 2020 |
|-------------------------------|------------|------------|
| Cash and cash equivalents | \$ 282,976 | \$ 340,246 |
| Accounts receivable | 16,334 | 54,706 |
| Pledges and grants receivable | 116,743 | 76,847 |
| | \$ 416,053 | \$ 471,799 |

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, 2021
(Continued)**

NOTE 3 - COMMITMENTS

The School has an operating lease for its facilities, however, it expired in June 2021 and they are currently negotiating a new agreement. They will continue to pay rent based on the original agreement on a month to month basis. Annual base rent during each year of the lease ending June 2021 was \$172,500, including utility costs and janitorial labor. After June 30, 2020, the School amended the lease to rent additional space at a rate of \$25,006 per year. 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.

Rent expense for the years ended June 30, 2021 and 2020 totaled \$219,868 and \$172,141, respectively. Rental expense for year ending June 30, 2021 included an additional donated rent of \$17,734 for use of additional space (also see Note 10).

NOTE 4 - 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. The School also has a \$200,000 line of credit available if needed.

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

| | 2021 | 2020 |
|---|------------|------------|
| Checking | \$ 250,520 | \$ 298,048 |
| Money Market | 32,456 | 29,729 |
| Undeposited Funds | - | 12,469 |
| Total Cash and Cash Equivalents | 282,976 | 340,246 |
| Restricted Cash - Escrow | 100,116 | 100,066 |
| Total Cash and Cash Equivalents, and Restricted Cash | \$ 383,092 | \$ 440,312 |

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2021
(Continued)

NOTE 5 - 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, 2021 and 2020.

NOTE 6 - BOARD-DESIGNATED NET ASSETS

As of June 30, 2021 and 2020, the Board designated net assets included \$100,000 to be held in an escrow account in case of a future dissolution as required by the New York State Department of Education.

In addition, as of June 30, 2021 the Board designated net assets of \$750,000 to assist with a new charter school that will be a replication of their existing school.

NOTE 7 - 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>2021</u> | <u>2020</u> |
|-------------------------|---------------------|---------------------|
| Mutual Funds - Equities | \$ 578,144 | \$ 270,455 |
| Mutual Funds - Bonds | <u>700,436</u> | <u>824,378</u> |
| Total | <u>\$ 1,278,580</u> | <u>\$ 1,094,833</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.

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

**June 30, 2021
(Continued)**

NOTE 8 - 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, 2021 and 2020 were 9.53% and 8.86%, respectively.

The retirement contribution expense totaled \$157,166 and \$154,157 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020.

NOTE 9 - 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.

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

**June 30, 2021
(Continued)**

NOTE 9 - SPECIAL EDUCATION AND OTHER SERVICES (Continued)

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, 2021 and 2020 was \$17,738 and \$18,025, respectively.

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, 2021 and 2020, approximately 33 and 150 families provided 165 and 2,325 hours of service, respectively. There were also 14 and 15 board members who donated 310 and 300 hours during the years ended June 30, 2021 and 2020, respectively. Volunteers help with many tasks at the School such as serving meals, chaperoning field studies, preparing classroom materials, and serving on the board.

The School also receives donated goods, services, and use of facilities that do meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America.

The School received the following gifts-in-kind for the years ended June 30:

| | <u>2021</u> | <u>2020</u> |
|------------|------------------|-------------|
| Facilities | \$ 17,734 | \$ - |
| Equipment | <u>11,000</u> | <u>-</u> |
| | <u>\$ 28,734</u> | <u>\$ -</u> |

The School's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the School. If an asset is provided that does not allow the School to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The School required the use of additional classroom space due to COVID-19 social distancing protocol this fiscal year. The space was provided by the leasor at no cost to the School but based on current lease square footage rate, the School would have paid \$17,734 for the year ended June 30, 2021 (also see Note 3).

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

June 30, 2021

(Continued)

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 13, 2021, which is the date the statements were available for issuance.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties continue to have a negative impact on investments, revenues and support. There continues to be considerable uncertainty around the duration. Therefore, the related financial impact and duration cannot be reasonably estimated at this time.

GENESEE COMMUNITY CHARTER SCHOOL

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021



**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, 2021, 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 13, 2021.

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) as a basis for designing 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.



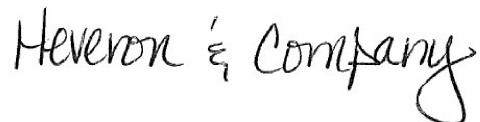
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. 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". The signature is written in black ink and is positioned above the printed name of the firm.

Heveron & Company CPAs

Rochester, New York

October 13, 2021