

October 28, 2020

CONFIDENTIAL

The Board of Trustees  
Niagara Charter School

Dear Board Members:

We have audited the financial statements of Niagara Charter School (the School) for the year ended June 30, 2020

NIAGARA CHARTER SCHOOL

Financial Statements

June 30, 2020 and 2019

( With Independent Auditors' Report )

NIAGARA CHARTER SCHOOL

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## I N D E P E N D E N T   A U D I T O R S '   R E P O R T

The Board of Trustees  
Niagara Charter School:

### Report on the Financial Statements

We have audited the accompanying financial statements of Niagara Charter School (the School) which comprise the statement of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the year ended, and the related notes to financial statements.

### M a n a g e m e n t ' s   R e s p o n s i b i l i t y   f o r   t h e   F i n a n c i a l

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.

### A u d i t o r ' s   R e s p o n s i b i l i t y

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Niagara Charter School as of June 2020 and 2019 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.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated

NIAGARA CHARTER SCHOOL  
 Statements of Financial Position  
 June 30, 2020 and 2019

	<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:			
Cash		\$ 2,963,129	2,149,867
Receivables		136,881	267,883
Prepaid expenses		<u>60,065</u>	<u>55,076</u>
Total current assets		<u>3,160,075</u>	<u>2,472,826</u>
Property and equipment, at cost		825,022	780,164
Less accumulated depreciation and amortization		<u>(346,842)</u>	<u>(282,513)</u>
Net property and equipment		<u>478,180</u>	<u>497,651</u>
Total assets		<u>\$ 3,638,255</u>	<u>2,970,477</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable		43,490	171,320
Accrued expenses:			
Payroll and payroll taxes		175,458	177,048
Pension		<u>208,510</u>	<u>256,208</u>
Total accrued expenses		<u>383,968</u>	<u>433,256</u>
Total current liabilities		427,458	604,576
Promissory note - paycheck protection program		<u>530,085</u>	<u>-</u>
Total liabilities		<u>957,543</u>	<u>604,576</u>
Net assets without donor restrictions		2,680,712	2,365,901
Commitments and contingency (notes 6 and 7)		<u>                    </u>	<u>                    </u>
Total liabilities and net assets		<u>\$ 3,638,255</u>	<u>2,970,477</u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL  
 Statements of Activities  
 Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue:		
Public School Districts:		
Resident student enrollment	\$ 4,251,110	4,209,102
Students with disabilities	287,669	279,608
Other revenue from public school districts	49,691	36,356
Additional NYS charter school aid	-	95,105
Grant income	183,326	301,782
Contributions	18,443	21,834
Other	<u>27,803</u>	<u>31,695</u>
Total revenue	<u>4,818,042</u>	<u>4,975,482</u>
Expenses:		
Program services:		
Regular education	4,087,785	4,213,888
Special education	<u>264,622</u>	<u>318,494</u>
Total program services	4,352,407	4,532,382
Management and general	<u>150,824</u>	<u>270,316</u>
Total expenses	<u>4,503,231</u>	<u>4,802,698</u>
Change in net assets without donor restrictions	314,811	172,784
Net assets without donor restrictions at beginning of year	<u>2,365,901</u>	<u>2,193,117</u>
Net assets without donor restrictions at end of year	<u>\$ 2,680,712</u>	<u>2,365,901</u>

See accompanying notes to financial statements.

	<u>No. of positions</u>	<u>Regular education</u>	<u>Special education</u>	<u>Total</u>	<u>Management and general</u>	<u>2020</u>	<u>2019</u>
Personnel services costs:							
Instructional personnel	44	\$ 1,306,786	83,621	1,390,407	52,468	1,442,875	1,553,280





NIAGARA CHARTER SCHOOL  
 Statements of Cash Flows  
 Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ 314,811	172,784
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation and amortization	64,329	56,208
Uncollectible aid from School Districts	-	(73,167)
Changes in:		
Receivables	131,002	50,431
Prepaid expenses	(4,989)	8,881
Accounts payable	(127,830)	115,960
Accrued expenses	(49,288)	47,715
Deferred revenue	-	(1,000)
Net cash provided by operating activities	328,035	377,812
Cash flows from investing activities - additions to property and equipment	(44,858)	(156,126)
Cash flows from financing activities - proceeds from promissory note	530,085	-
Net change in cash	813,262	221,686
Cash at beginning of year	2,149,867	1,928,181
Cash at end of year	\$ 2,963,129	2,149,867
Supplemental schedule of cash flow information - disposal of fully depreciated property and equipment	\$ -	508,431

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL  
Notes to Financial Statements  
June 30, 2020 and 2019

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Niagara Charter School (the School) was chartered by the Board of Regents of the University at the State of New York on July 21, 2005 for a term of five years pursuant to Article 56 of the New York State Education Law. The School has received a renewal of their charter which will expire on June 30, 2021. The School is a public school primarily funded through the Board of Education of the City School District of Niagara Falls.

Charter schools receive state and federal public school funding and must meet all the same state and federal testing and learning requirements as public schools, yet they operate independently of the local school district, serving as their own local education agency.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The School does not have any net assets with donor restrictions as of June 30, 2020 and 2019. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net assets without donor restrictions Net assets that are not subject to donor imposed stipulations and may be used for any purpose of the Trustees.

NIAGARA CHARTER SCHOOL  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Receivable

The School uses the allowance method to account for uncollectible receivables. There was no allowance for doubtful accounts at June 30, 2020 and 2019.

(h) Capitalization, Depreciation and Amortization

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions.

Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property or equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation or amortization. The resulting gains and losses are reflected in the statement of activities.

(i) Public School District Revenue

The School receives per pupil aid which is passed through several School Districts predominantly in Niagara County. The majority of this comes from the Niagara Falls City School District. New York State Education Department mandates the rate per pupil. For the years ended June 30, 2020 and 2019, the per pupil rate was \$12,371 and \$12,164 respectively for the Niagara Falls City School District.

(j) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred revenue.

(k) Donated Equipment, Materials, Supplies and Personal Services

Donated equipment, materials and supplies are reflected in the financial statements based on the fair market value at the time of donation.

Donated personal services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the School.

NIAGARA CHARTER SCHOOL

NIAGARA CHARTER SCHOOL  
Notes to Financial Statements, Continued

(2) Liquidity

The School has \$22,446 of financial assets available within one year of the statement of financial position date consisting of \$85,565 of cash and equivalents and \$136,881 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

(3) Property and Equipment

Property and equipment are recorded at cost. A summary of property and equipment as of June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 566,046	566,046
Furniture and equipment	<u>258,976</u>	<u>214,118</u>
	825,022	780,164
Less accumulated depreciation and amortization	<u>(346,842)</u>	<u>(282,513)</u>

NIAGARA CHARTER SCHOOL  
Notes to Financial Statements, Continued

(5) Pension Plans

The School participates in the System (NYS TRS), which is a cost-sharing multiple employer, public employees retirement system. TRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

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NIAGARA CHARTER SCHOOL  
Notes to Financial Statements, Continued

(6) Commitments, Continued

(b) Transportation Services Obligations

The School has an agreement for bus transportation with a private carrier for its students.

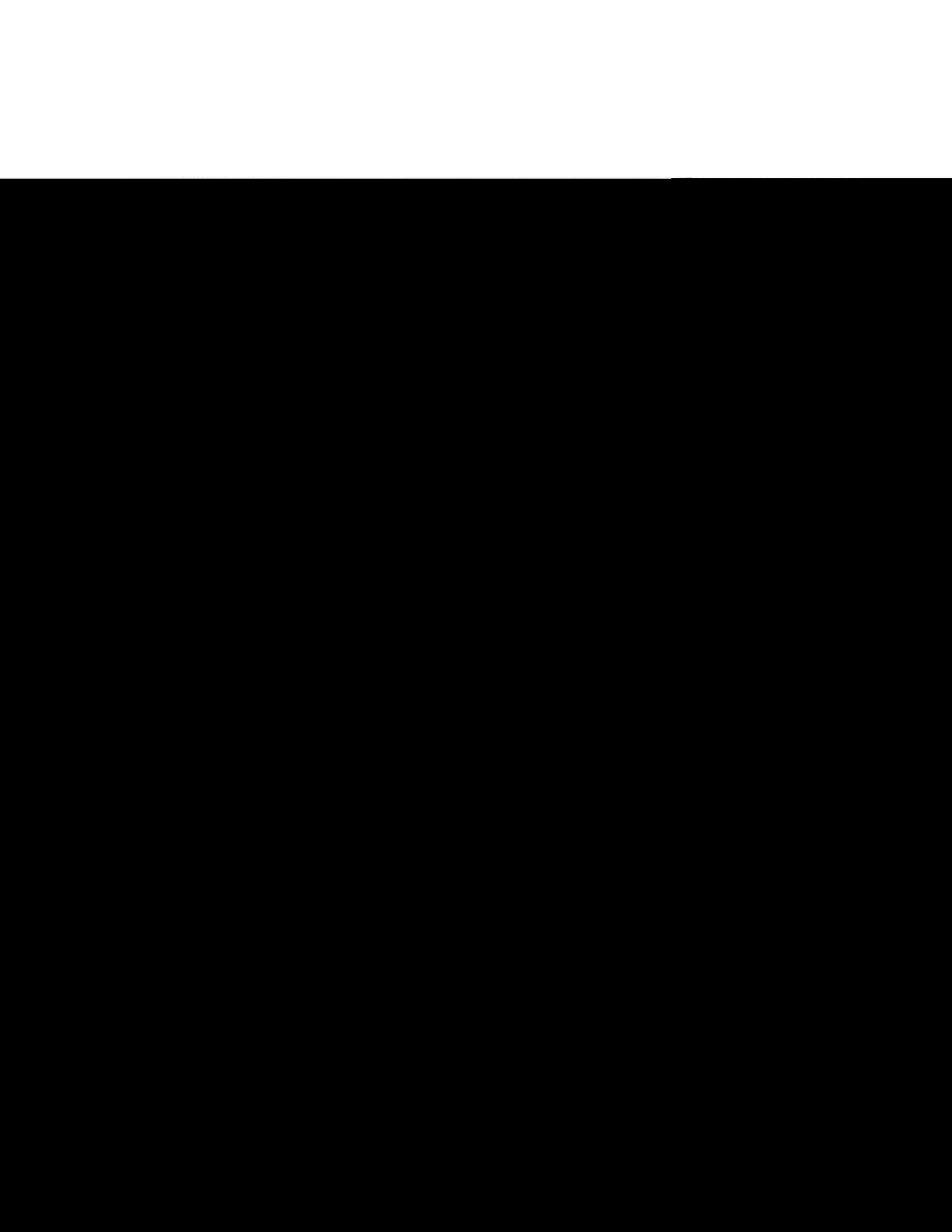
The agreement commenced on July 1, 2016 and shall expire on June 30, 2021.

Minimum future transportation payments under



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN

## Compliance and Other Matters



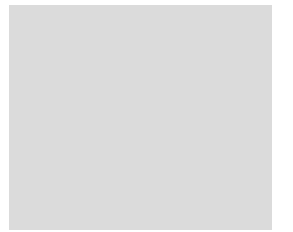
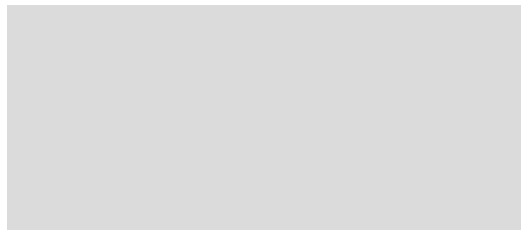
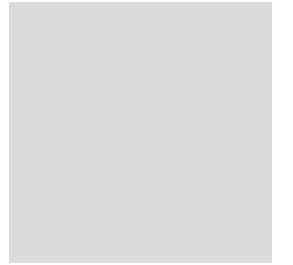
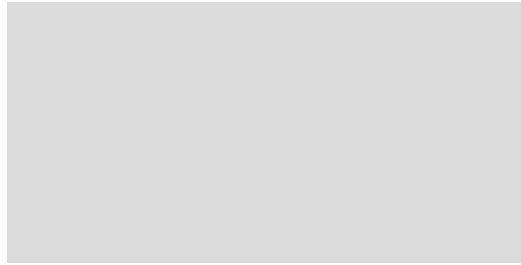


Unrestricted

Temporarily  
Restricted

Total

-



CASH FLOWS - OPERATING ACTIVITIES  
Increase (decrease) in net assets

-

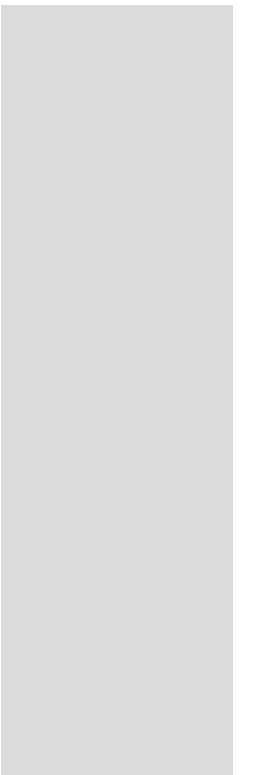
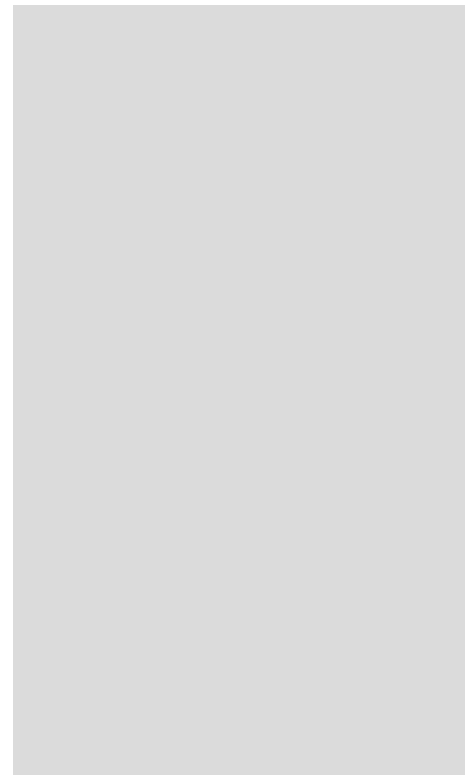
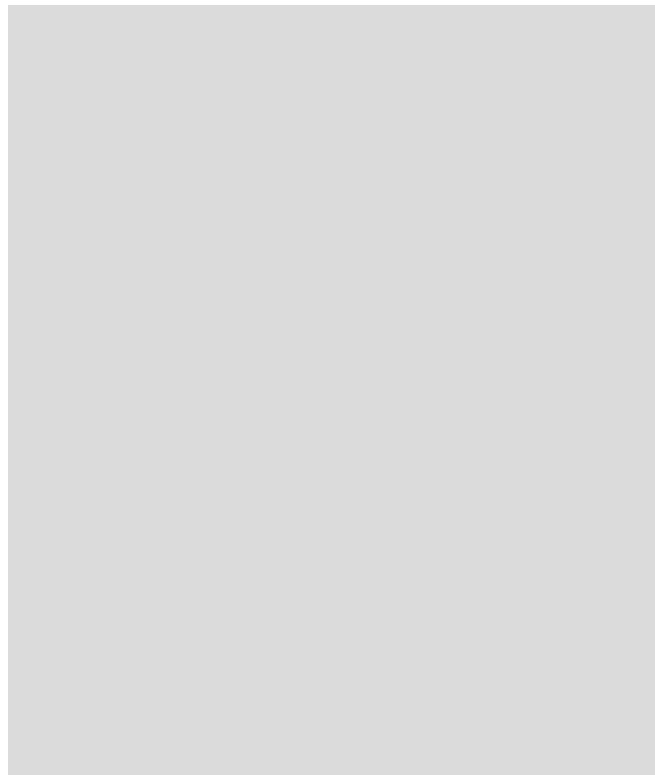
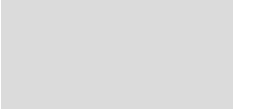
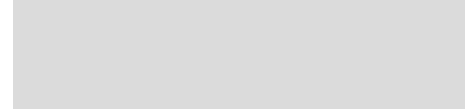
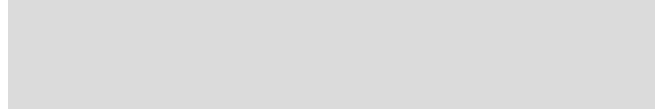
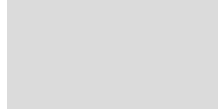
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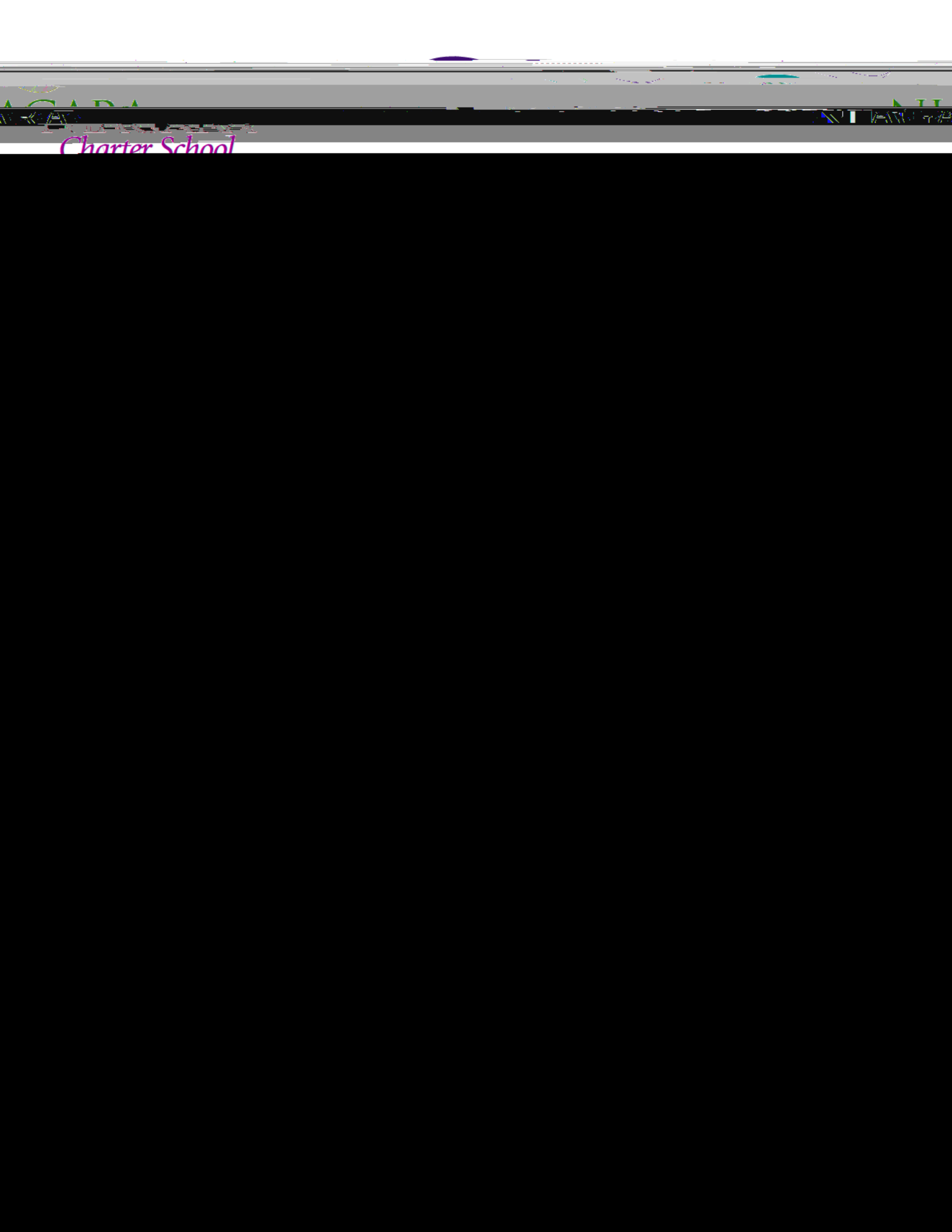
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\$

No. of Positions

Regular  
Educat ons





*Charter School*



