

ROCHDALE EARLY CHILD ADVANTAGE CLUB

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

ROCHDALE EARLY ADVANTAGE CHARTER SCHOOL

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	2020	2019
2019	5	5
2019 3 \$416\$IB64N	TOALSOALE	LOA,EO87E
D\$0R61 0RN C694\$ \$4B4IH0YV41	877OL87	877OL77
F\$4e0IN 4ne4R141 0RN C694\$ 011461	8G-OL87	G-O8S8
F\$Ce4\$6r 0RN 4allep4R6O R46	LAOL8E	AOE77
2CR16\$IB6ICR IR e\$Cc\$411 3 N4eC1I6	TEAO7TS	8--O8GT
	8OE77O777	8OE77O777
TOTAL ASSETS	\$ 5,878,399	\$ 4,601,159

LIABILITIES AND NET ASSETS

iMgmMiMtMdu

gBBCIR61 e0r0YV4 0RN 0BB\$I4N 4ne4R141	5	8EEOST7	5	8LGO-LT
gBB\$I4N 10V0\$I41 0RN C694\$ e0r\$CVV \$4V064N 4ne4R141		-T,O,-,		T--07TG
oI4 6C sP2 o4e0\$6p4R6 Cv dNIB06ICR		3		8TO-AE
F0rB94B. F\$C64B6ICR F\$Cc\$0p VC0R e0r0YV4		GTTOS7T		3

2020

2019

2/gSDdu Ms sdt guudtu K Mt/bUt obsb0 0dut0M2tMbsu

bFd0gtMsD 0dPdsUd K Mt/bUt obsb0 0dut0M2tMbsu
u6064 0RN VCB0V e4\$ eleIV Ce4\$06IRc \$4H4RI4
y4N4\$0V c\$0R61
u6064 c\$0R61

5

GOG-AO,7G
87AOEE7
LAOTG-
GOA,LOAL7

5

EO-,TOL,S
8T-O,LL
LLO,SA
EOG-8077,

sdt guudtu 0didgudo y0bh 0dut0M2tMbsu
u06I1v0B6ICR Cv e\$Cc\$0p \$416\$IB6ICR1

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EO-,TOL,S

		General Education	Special Education	Total	Management and General	Fundraising	Total	2019
Personnel Services Costs	No. of Positions							
gNpIRI16\$06IH4 160vv e4\$1CRR4V	-	5 L77O-7,	5 T7O-78	5 LT7O,7S	5 STOEL-	5 GOG,7	5 877OL7-	5 TT-O78T
MR16\$IB6ICR0V e4\$1CRR4V	TA	8OTT7O7EG	-SSOT,-	8O,LSO--7	3	3	3	8O,LSO--7
sCR3IR16\$IB6ICR0V e4\$1CRR4V	G	LEGO8TL	-LOG,S	LS,O,L8	88SOEL,	,OET,	8L,,O7GG	-LGO,,A
tC60V 10V0\$141 0RN 160vv	-A	8OA,GOESG	EAE0-A-	LOTGLO7A7	L8TO7EL	8EOL8,	LL,OLA7	LOES7OT-7
F0r\$CVV 60n41 0RN 4peVCr44 Y4R4vI61		-GEOA,T	8T7O7,8	ES,O,G-	ETOLTL	8TOT7,	GGOE-7	GGEO-7-
i4c0V v441		3	3	3	L7OELT	3	L7OELT	L7OELT
gBBCIR6IRc 0RN 0INi6 14\$HIB41		3	3	3	GGO777	3	GGO777	GGO777
F\$Cv411ICR0V v441 3 C694\$		L77OA7E	EAOT--	LE,O7-S	LLOST,	EOAT-	L,OGAL	L,GOAL8
04R6 4ne4R14		E-TOGL7	8EEOTL7	GS,OS-7	GLO8L,	8EOETL	AAOGG7	AAGOG77
04e0I\$1 0RN p0IR64R0RB4		L-OSSL	A08-7	TLO8TL	LO,EG	A8-	TOEA7	TEOA7L
MR11\$0RB4		L7OT,E	EO,L-	LGOL7S	LOTT7	E,L	LOS8L	LSO8L8
U6IVi6i41		,OTLT	LOTA,	87OA78	SE8	LT,	8O8,S	88O,S7
uleeVI41 T h064\$I0V1		,A08GE	L-OS7-	88LO7GS	SOSGL	LO-S7	8LO-EL	8L-OEL8
dallep4R6 T yI\$RI19IRc1		87OAL-	TO7G-	8TOA,,	8OLLG	T7G	8OETL	8EOTL7
u60vv N4H4VCep4R6		E7O7LL	o8-OLSL o	o G-OT8-	EOA8A		ooooo87OAL-	S 8EOTL7 EOA8A

2gu/ yibK u y0bh bFd0gtMsD g2tMPMtMdu
2019 \$4B4IH4N v\$Cp Ce4\$06IRc \$4H4R14
2019 e0IN 6C 4peVCr441 0RN 1leeVI4\$1
b694\$ B019 \$4B4IH4N

2020

2019

5 GOAT80,7,
RGO7L,O8SGS
RG80-7GS

5 EOA-70T88
R-O,,OA7GS
G-OL7T

ROCHDALE EARLY ADVANTAGE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. NATURE OF THE ORGANIZATION

Rochdale Early Advantage Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on December 15, 2009 to operate a charter school pursuant to Article 56 of the Educational Law of the State of New York. On January 15, 2008, the Board of Regents of the University of the State of New York granted the School a provisional charter. The charter is renewable by the Board of Regents of the University of the State of New York once the term expires. The School opened its doors in the Fall of 2010 in Rochdale, New York with a rigorous academic program and a highly structured and supportive school culture. The School received an extension to their charter term to June 30, 2022.

The School, as determined by the Internal Revenue Service, is exempt from federal income tax under Section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

The School's primary sources of income are from government funding.

The School operates classes for students in pre-kindergarten through fifth grade.

The New York City Department of Education ("NYCDOE") provides free transportation directly to a majority of the School's students. The School provides free lunch to all of the School's students.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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ROCHDALE EARLY ADVANTAGE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Other Receivables

Grants and other receivables represent amounts due from federal and state grants. Grants and other receivables are expected to be collected within one year, are recorded at net realizable value, and amount to \$164,210 and \$64,191 at June 30, 2020 and 2019, respectively. The School has determined that no allowance for uncollectible accounts

ROCHDALE EARLY ADVANTAGE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management based upon benefits received.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities.

ROCHDALE EARLY ADVANTAGE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

Revenue from

ROCHDALE EARLY ADVANTAGE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

5. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 30, 2020, the School received a loan in the amount of \$633,903 through the Paycheck Protection Program of the 2020 CARES Act ("PPP) administered by the Small Business Administration. The loan is due on April 30, 2022, and bears interest at 1 percent. Monthly payments of principal and interest commence on November 1, 2020. The School may prepay the loan at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for certain purposes, including payroll, benefits, rent, and utilities. Under the terms of the PPP, all or a portion of the loan may be forgiven based on certain requirements being met. The School is tracking the qualifying expenditures during the qualifying period to apply for loan forgiveness under the program by June 30, 2021.

6. AGREEMENTS FOR SCHOOL FACILITIES

The School amended their lease with New Jerusalem Baptist Church, effective January 1, 2018. The School is obligated under a non-cancelable sub-lease for office and classroom space expiring on June 30, 2023. The terms of the new lease include monthly rental payments of \$58,000 through October 1, 2019 and increase to \$75,000 a month until the expiration of the lease. The lease also includes a security deposit of \$1,500,000 that will be applied towards the cost of acquiring, designing, and constructing property. As of June 30, 2020, there are no future construction commitments.

The School entered into a one year lease agreement with Rescue Church of Christ effective September 1, 2016 and renewed annually. On September 1, 2020, the School renewed this lease through June 30, 2021, with minimum monthly lease payments of \$8,060 for the term of the lease.

The School entered into a separate one year lease agreement with Rescue Church of Christ for additional space, effective September 1, 2019, with monthly rental payments of \$3,500 through June 30, 2020. This lease was not renewed.

Future minimum rental payments are as follows:

June 30,		
2021	\$	980,600
2022		900,000
2023		900,000
Total	\$	<u>2,780,600</u>

Rent expense for the years ended June 30, 2020 and 2019 was \$964,600 and \$776,600, respectively, which is included in the accompanying statements of functional expenses under rent expense.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions to be used for technology totaling \$62,582 for the year ended June 30, 2019. There were no net assets with donor restrictions for the year ended June 30, 2020.

ROCHDALE EARLY ADVANTAGE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

8. RISK MANAGEMENT

- A. The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks.
- B. The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund.
- C. On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The impact of the outbreak of the COVID-19 coronavirus continues to rapidly evolve. The School cannot reasonably estimate the duration and severity of this pandemic; however, economic uncertainties have arisen which could have a material adverse impact on the School's activities, its financial position and its cash flows. The School believes they are taking appropriate actions to mitigate the negative impact.

9. PENSION PLAN

The School adopted a 403(B) plan (the "Plan") which covers most of the employees. The Plan is a defined contribution plan. Full time employees are eligible to enroll in the Plan on a monthly date with no minimum service time required. The Plan provides for the School to contribute up to 2% of participating employees' salaries. The School contribution becomes fully vested after 6 years. For the years ended June 30, 2020 and 2019, pension expense for the School was \$35,965 and \$29,678, respectively, which is included in payroll taxes and employee benefits in the accompanying statements of functional expenses.

10. CONCENTRATIONS

- A. Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000.
- B. The School received approximately 98% and 96% of its revenue from the NYCDOE for the years ended June 30, 2020 and 2019, respectively.
- C. The School's grants and other receivables consist of two major grantors at June 30, 2020 and 2019.
- D. The School's payables consist of one major vendor at June 30, 2020 and two major vendors at June 30, 2019.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



New York, NY
October 27, 2020

Total

Income

4100 State Grants

4101 Per Pupil Funding- General Ed

6,3

4102 Per Pupil Funding - Spec. Ed

43

4103 NYSTL

22,950.50

4104 NYSSL

5,92.01

4105 NYSLIBL

2,462.50

5301 Employee Stipend		23
5302 Guidance Counselor		174,285.24
5304 Bonus		85,000.00
5306 Overtime		2,000.00
Total 5300 Other Salaries	\$	496,285.24
Total 5000 Personnel Expenses		

6303 PD-Board Development		10,000.00
Total 6300 Professional Development	\$	70,000.00
6400 Marketing-Recruitment		
6401 Student Recruitment		19,000.00
6402 Staff Recruitment		7,400.00
6403 Advertisement		3
Total 6400 Marketing-Recruitment	\$	30,000.00
6500 Fundraising Expenses		
6501 Special Events		15,000.00
Total 6500 Fundraising Expenses	\$	15,000.00
7100 Curriculum & Classroom Expenses		
7101 Classroom supplies & Materials		45,000.00
7102 Textbooks		160,000.00
7103 NYSTL Expense		22,500.50
7104 NYSSL-Expense		5,002.12
7105 NYSLIBL Expense		2,462.50
7106 Assesment Expense		25,000.00
7107 Field Trips		25,000.00
7109 Teacher Classroom Stipend		3
7110 Non Instructional Ed. Expense		15,000.00
7111 Assemblies & Programs		3
7112 Parent Relations		4,000.00
7114 Pupil Furniture		15,000.00
7115 Music program		25,000.00
7116 Sports Program		20,000.00
7117 Enrichment program		45,000.00
Total 7100 Curriculum & Classroom Expenses	\$	443,315.12
8100 Facilities		
8101 Rent, Parking, Utilities		00,000.00
8102 Facility Maintenance Services		15,000.00
8103 Repair		04.04 444.04 46 ()0.5 .8 (u)-4.a6 (n)-4.9 (g)-5 (.)-9.9 (an)-4.9 (ce S)-8. (C)1.6 (l)-9.5 (as-9.a(t)0.76 (n)-4.9 (g)-5 (,T EMC BT /P <<>>BDC /TT1 1 Tf 8.04

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