



SUMMIT ACADEMY CHARTER SCHOOL

27 Huntington Street, Brooklyn, New York 11201, Phone: 718-460-4000 Fax: 718-676-1001

Latoya Massey
Principal

Natasha A. Campbell
Founder
Director of Community Schools

Mengel, Metzger, Burt & Co., LLP
Certified Public Accountants
100 Chestnut Street, Suite 1200
Rochester, New York 11601

This representation letter is now being provided to you on behalf of the Board of Directors of Summit Academy Charter School, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the attached notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in the financial statements may be considered to be material if they involve an omission or misstatement of information that, in the light of surrounding circumstances, makes it probable that a reasonable person relying on the information would be influenced or misled by the omission or misstatement. An omission or misstatement that is not materially small in amount is considered material as a result of qualitative factors.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately forming our conclusions on the data provided to us, we

Financial Statements

- We have fulfilled our responsibility, as set out in the terms of our audit engagement letter, dated May 15, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- Significant assumptions and estimates used in measuring fair value are reasonable.
- Related party relationships and transactions have been properly accounted for and disclosed in accordance with the requirements of U.S. GAAP.



Laroy Massey,
Principal

Natasha A. Campbell
Founder
Director of Community Schools

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- Disclosures included in the financial statements regarding the relevant significant business financial and reporting impacts of the COVID-19 outbreak are accurate, reflect management's full consideration of such impacts.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets as articulated in the budget while in compliance with applicable laws.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Methods and significant assumptions used by management in determining fair value are consistent in application and the completeness and adequacy of the fair value information for financial statement purposes as disclosed and disclosure purposes are appropriate.
- We have reviewed third party organization's financial statements prepared by others based upon financial information we have provided to you. We have not audited these schedules and accept full responsibility for the organization's financial statements prepared in accordance with U.S. GAAP.
- We have considered the accounting and reporting requirements of ASC 740-10-20 and believe there are no material liabilities (or reduction in liabilities) recorded for unrecognized tax benefits.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documents, information and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you may require information necessary to obtain audit evidence.



SUMMIT ACADEMY CHARTER SCHOOL

27 Huntington Street • Brooklyn, NY 11201 • Phone: (718) 975-0500 • Fax: (718) 975-1001

Latoya Massey
Principal

Nareshna C. Cooper
Fourth Grade
Director of Community Schools

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the financial statements communicated by employees, former employees, or others.
- We have disclosed to you all known instances of noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- The entity has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

Very truly yours,

SUMMIT ACADEMY CHARTER SCHOOL

Dr. Shelley, Chair of the Board of Trustees

Latoya Massey, Principal

Samease Handshaw, Director of Finance and Operations



Annual Financial Statement Audit Report

for NYCDUFS Schools

School Name:	Summit Academy Charter School
Date (Report is due on):	November 30, 2020
School Fiscal Contact Name:	Samease Hardsbaw
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	Menckel, Mait & Barr LLP
School Audit Contact Name:	Michelle Cain
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	2018-19

The following items are required to be included:

- The independent auditor's report on financial statements and
- Excel template file containing the Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets.
- Reports on internal controls over financial reporting (if applicable)
- Management's letter (if applicable) (please request one)

The additional items listed below should be included (if applicable, please explain the reason(s) if the items are not included):

Examples might include: written management letter which should include any additional information requested by the Single Audit firm should be submitted to the Single Audit firm by the following date no later than 30 days after submission of the report, etc.

Item	If not included, please state the reason(s) below or put "N/A" if not applicable
Management Letter	[REDACTED]
Form 990	An extension has been filed
Federal Single Audit (155)	N/A
Corrective Action Plan	Attached

PAID TO THE STATE OF OHIO THROUGH THE DEPARTMENT OF EDUCATION FOR THE SCHOOL YEAR IN QUESTION.

In May of 2019, the Department of Education determined that the school would undergo a mandatory restructuring for 2019-2020 but to receive a

PAID TO THE STATE OF OHIO THROUGH THE DEPARTMENT OF EDUCATION FOR THE SCHOOL YEAR IN QUESTION.

SUMMIT ACADEMY CHARTER SCHOOL

BROOKLYN, NEW YORK

AUDITED FINANCIAL STATEMENTS

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020

(With Comparative Totals for 2019)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Summit Academy Charter School

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, M a a

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 Summit Academy Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Summit Academy Charter School's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020 on our consideration of Summit Academy 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 Summit Academy Charter School's internal control over financial reporting and compliance.

Emphasis of Matter with Respect to Change of Accounting Methods.

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

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 23, 2020

SUMMIT ACADEMY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

	<u>ASSETS</u>	2020	2019
<u>CURRENT ASSETS</u>			
Cash		2,344,222	

SUMMIT ACADEMY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	<u>Year ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue and support:		
State and local per pupil operating revenue	\$ 5,324,405	\$ 5,734,406
Government grants	224,342	227,646
Contributions	8,220	27,459
Other income	<u>8</u>	<u>7</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	5,556,975	5,989,518
Expenses:		
Program services:		
Regular education	2,832,262	3,168,806
Special education	1,746,194	1,523,515
Management and general	504,982	677,853
Fundraising and special events	<u>11,010</u>	<u>22,618</u>
TOTAL OPERATING EXPENSES	<u>5,094,448</u>	<u>5,392,792</u>
CHANGE IN NET ASSETS	462,527	596,726
Net assets at beginning of year	<u>1,157,141</u>	<u>560,415</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,619,668</u>	<u>\$ 1,157,141</u>

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

SUMMIT ACADEMY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

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

	2020	2019
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 462,527	\$ 596,726
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	55,391	76,883
Bad debt expense	17,325	-
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(12,690)	136,658
Prepaid expenses	(56,823)	43,335
Accounts payable and other current liabilities	(148,580)	166,367
Accrued payroll	(32,576)	9,613
Deferred revenue	<u>-</u>	<u>(7,098)</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	43,335	

SUMMIT ACADEMY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

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

	2020	2019
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 2,344,222	\$ 1,399,102
Cash in escrow	<u>75,156</u>	<u>75,148</u>
Total cash		

SUMMIT ACADEMY CHARTER SCHOOL

SUMMIT ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE B: LIQUIDITY AND AVAILABILITY

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

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter ee ure

SUMMIT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020
(With Comparative Totals for 2019)

NOTE D: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	2020	2019
Undesignated	\$ 1,510,106	\$ 1,077,309
Invested in property and equipment	<u>109,562</u>	<u>79,832</u>
	<u>\$ 1,619,668</u>	<u>\$ 1,157,141</u>

NOTE E: SCHOOL FACILITY

As part of the New York City Chancellor’s Charter School Initiative, the New York City Department of Education has verbally committed space to the Charter School at no charge. The facilities and services provided by the New York City Department of Education to the Charter School are outlined in a Shared Facility Use Agreement.

NOTE F: PROPERTY AND EQUIPMENT

SUMMIT ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE K: CONCENTRATIONS

Approximately 91% of grants and other receivables were due from New York State at both June 30, 2020 and 2019.

Approximately 96% of total operating revenue and support came from per-pupil funding provided by New York State during both the years ended June 30, 2020 and 2019. The per-pupil rate is set annually by the State based on the school district in which the Charter School is located.

NOTE L: COMMITMENTS

Effective July 1, 2019, the Charter School entered into a contract with an organization to provide educational consulting and support to the Charter School in conjunction with its charter renewal process until either expiration of the Charter School's charter agreement on June 30, 2024 or termination of the contract. The agreement calls for a monthly fee of 7.5% of total state and local public revenues based on actual student enrollment counts billed to the local school district. The agreement also called for a one-time restructuring fee of \$130,000 for services provided to the Charter School from May 7, 2019 to July 24, 2019. Approximately \$110,000 of the related restructuring expense is included in accounts payable and other current liabilities on the statement of financial position at June 30, 2019. Approx M C o a e e se is

SUMMIT ACADEMY CHARTER SCHOOL

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

Board of Trustees
Summit Academy Charter School

We have a3 M M

Our consideration of internal control over financial reporting

SUMMIT ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

Finding 2020-001

