

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NEW YORK, 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

WHIN MUSIC COMMUNITY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

	<u>June 30,</u>	
<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 383,352	\$ 483,369
Grants and other receivables, net of allowance for doubtful accounts of \$105,637 at June 30, 2020	290,876	157,807
Pledges receivable	-	25,000
Prepaid expenses and other current assets	25,108	27,213
TOTAL CURRENT ASSETS	699,336	693,389
<u>OTHER ASSETS</u>		
Property and equipment, net	506,341	244,178
Cash in escrow	75,130	50,079
	581,471	294,257
TOTAL ASSETS	\$ 1,280,807	\$ 987,646
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 205,628	\$ 110,856
Accrued payroll and benefits	207,761	208,702
Note payable	113,372	-
Current portion of long-term debt	21,027	12,030
TOTAL CURRENT LIABILITIES	547,788	331,588
<u>LONG-TERM DEBT, net of current portion</u>	35,281	27,067
TOTAL LIABILITIES	583,069	358,655
<u>NET ASSETS</u>		
Without donor restrictions	697,738	603,991
With donor restrictions	-	25,000
TOTAL NET ASSETS	697,738	628,991
TOTAL LIABILITIES AND NET ASSETS	\$ 1,280,807	\$ 987,646

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

WHIN MUSIC COMMUNITY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Without donor restrictions	With donor restrictions	Total	2019 Total
Operating revenue and support:				
State and local per pupil operating revenue	\$ 3,620,534	\$ -	\$ 3,620,534	\$ 2,516,052
Government grants	135,888	-	135,888	420,285
Private grants	77,543	-	77,543	91,455
Other income	5,660			

WHIN MUSIC COMMUNITY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

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

									2019			
	No. of Positions	Regular Education	Special Education	Sub-total	Management and General	Fundraising	Sub-total	Total	Total			
Personnel Services Costs:												
Administrative staff personnel	11	\$ 359,149	\$ 55,254	\$ 414,403	\$ 344,805	\$ 50,000	\$ 394,805	\$ 809,208	\$ 634,050			
Instructional personnel	<u>23</u>	<u>818,536</u>	<u>584,668</u>	<u>1,403,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,403,204</u>	<u>1,101,794</u>			
Total personnel services costs	34	1,177,685	639,922	1,817,607	344,805	50,000	394,805	2,212,412	1,735,844			
Fringe benefits and payroll taxes		286,061	155,438	441,499	83,753	12,19-				M	MQ	R

WHIN MUSIC COMMUNITY 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	\$ 68,747	\$ 135,585
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	98,785	69,841
Bad debts	105,637	-
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(238,706)	(89,482)
Pledges receivable	25,000	100,000
Prepaid expenses and other current assets	2,105	(19,213)
Accounts payable and accrued expenses	94,772	(98,782)
Accrued payroll and benefits	(941)	96,896
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>155,399</u>	<u>194,845</u>
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(324,960)</u>	<u>(41,289)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(324,960)</u>	<u>(41,289)</u>
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayments on long term debt	(18,777)	(9,023)
Repayments on note payable	-	(30,000)
Borrowings on note payable	<u>113,372</u>	<u>-</u>
NET CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES	<u>94,595</u>	<u>(39,023)</u>
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(74,966)	114,533
Cash and restricted cash at beginning of year	<u>533,448</u>	<u>418,915</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 458,482</u>	

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

WHIN Music Community Charter School (the “Charter School”) is an educational corporation that operates as a charter school in New York, New York. The Charter School provides a uniquely challenging educational program that incorporates intensive daily music instruction, fosters innovative teaching methods, imbues students with a love of learning and facilitates the development of the community through music, academic, and social inclusion. On June 14, 2016 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years (through June 30, 2022) and renewable upon expiration.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their n

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WHIN MUSIC COMMUNITY CHARTER SCHOOL

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Grant revenue

Some of the Charter 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 Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. There were no amounts received prior to incurring qualifying expenditures, which would be reported as deferred revenue in the accompanying statement of financial position at June 30, 2020 and 2019, respectively. The Organization has not any received cost-reimbursement grants that have not been recognized at June 30, 2020 and 2019, because qualifying expenditures have not yet been incurred.

Cash

Cash balances are maintained at a financial institution located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School is required to maintain cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 to be placed in escrow each of the first three years of operations and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. The amount in escrow was \$75,130 and 50,079 at June 30, 2020 and 2019, respectively.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. At June 30, 2020, the allowance for doubtful accounts was \$105,637. There was no allowance for doubtful accounts at June 30, 2019.

Pledges receivable

Pledges receivable represent unconditional promises to give. Those that are expected to be collected within one year are recorded at their net realizable value. For amounts to be collected in future years, no discount was considered necessary to record estimated future collections at their present value. There was no allowance for uncollectible pledges receivable at June 30, 2020 and 2019.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to seven years.

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contributed services

The Charter School is located in a New York City Department of Education facility and utilizes approximately 39,000 square feet at no charge. In addition, the Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees, and received transportation services provided by the local district. The Charter School was unable to determine a value for these services.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the applicable state reg. M M eb xes on income. M M M M

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30 2017 through June 30 2020 are still subject to potential audit. The Charter School believes it has no unrecognized tax benefits. Accordingly, it has not recognized any liability for unrecognized tax benefits.

Marketing costs

The Charter School expensed marketing costs that are included. Total marketing and recruiting costs approximated \$25,700 and \$52,000 for the years ended June 30 2020 and June 30 2019 respectively.

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WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTI

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	<u>2020</u>	2019
Furniture	\$ 140,516	\$ 101,858
Office equipment	77,713	67,475
Leasehold improvements	69,475	69,475
Musical equipment	95,748	56,401
Computer equipment	64,735	60,339
Construction-in-progress	<u>280,180</u>	<u>11,871</u>
	728,367	367,419
Less accumulated depreciation and amortization	<u>222,026</u>	<u>123,241</u>
	<u>\$ 506,341</u>	<u>\$ 244,178</u>

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE E: LINE OF CREDIT

The Charter School entered into a \$75,000 line of credit with a credit union in August 2018. The interest rate on the line of credit is fixed at 9.75%. There were no borrowings on the line of credit during the years ended June 30, 2020 and 2019.

NOTE F: SCHOOL FACILITY

During 2017, the Charter School received approval from the New York City Department of Education for use of dedicated and shared space for no charge at nfmf D DMs DM%

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE F: SCHOOL FACILITY, Cont'd

Before considering the impact of any possible rent abatement, future payments on the lease are as fo n è

WHIN MUSIC COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE H: CONCENTRATIONS, Cont'd

During the years ended June 30, 2020 and 2019 total operating revenue and support came from the following sources:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
New York City per-pupil	94%	83%
Charter School Program (CSP) grant	**	10%

**Revenue represents less than 10% of total operating revenue and support

The per-pupil rate is set annually by D M unj

WHIN MUSIC COMMUNITY 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
WHIN Music Community Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WHIN Music Community Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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. Ac



Annual Financial Statement Audit Report

for Boards of Regents Aided and Charter Schools

School Name:	Charter School Name:
Date (Report is due Nov. 30, 2019)	2019-20
Primary District of Location (If NYC select NYC DOE):	New York City Department of Education
If located in NYC DOE select CSD:	NYC
School Fiscal Contact Name:	Charlie Ortiz
School Business Contact Name:	
School Business Contact Phone:	
School Auditor Name:	Maria J. Madigan, CPA
School Audit Contact Name:	Markie Lee
School Audit Contact Email:	
School Audit Contact Phone:	
Audit Period:	2019-20
Prior Year:	2018-19

The following items are required to be included:

- 1.) The independent auditor's report on financial statements and notes;
- 2.) Excel spreadsheets containing the financial position statements, balance sheet, and income statement worksheets;
- 3.) Reports on internal controls over financial reporting and on compliance with laws and regulations.

The additional items listed below are required to be included. Examples of items to include are: written management letters and notes, including proposed adjustments in excess of \$50,000; Audit Thresholds of \$50,000; the management letter response will be submitted by the following date (should be no later than 30 days from the submission of the report); etc.

Item	If not included, state the reason for exclusion.
Management Letter	N/A
Management Letter	N/A
Form 990	Extension filed
Federal Single Audit (A-133)	The school did not expect annual federal expenditures of the fiscal year.
Corrective Action Plan	N/A

	2020	2019
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 383,352	\$ 483,369
Grants and contracts receivable	290,876	182,807
Accounts receivables	-	-
Prepaid Expenses	25,108	27,213
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	699,336	693,389
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 506,341	\$ 244,178
Restricted Cash	75,130	50,079
Security Deposits	-	-
Other Non-Urient aAsehts	-	-

	Unrestricted	Temporarily Restricted	Total	2019 Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 3,049,065	\$ -	\$ 3,049,065	\$ 2,215,902
State and Local Per Pupil Revenue - SPED	571,469	-	571,469	300,150
State and Local Per Pupil Facilities Revenue	-	-	-	-
Federal Grants	121,221	-	121,221	410,522
State and City Grants	14,667	-	14,667	9,763
Other Operating Income	5,584	-	5,584	-
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	3,762,006	-	3,762,006	2,936,337
EXPENSES				
Program Services				
Regular Education	\$ 1,860,426	\$ -	\$ 1,860,426	\$ 1,494,716
Special Education	988,353	-	988,353	777,358
Other Programs	-	-	-	-
Total Program Services	2,848,779	-	2,848,779	2,272,074
Management and general	835,499	-	835,499	608,800
Fundraising	86,600	-	86,600	15,029
TOTAL EXPENSES	3,770,878	-	3,770,878	2,895,903
SURPLUS / (DEFICIT) FROM	6 (848,)	36 (779)	JJ EMC /P BDC 985 Td (3 747856385Tm (-)TJET Q 4785634723 747856385Tm (



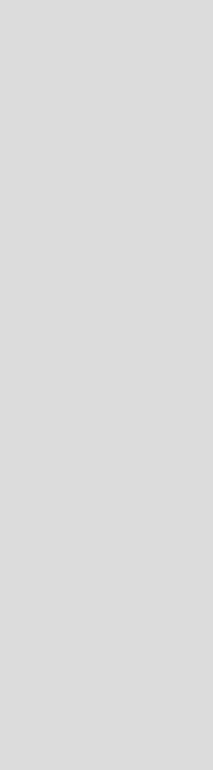
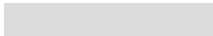
2020

2019

No. of Positions

Regular
Education

Special
Education



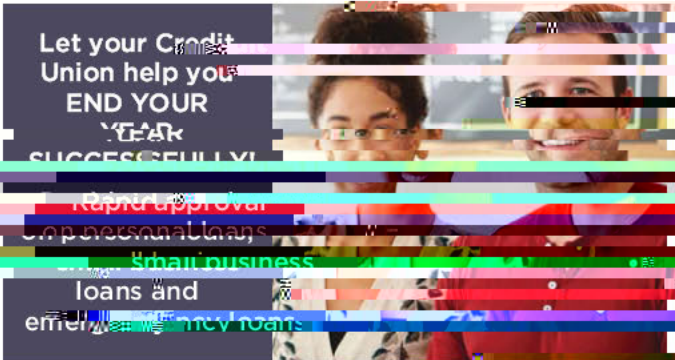






1112 ST. NICHOLAS AVENUE
 NEW YORK, NY 10032
 (212) 740-0900

Statement Period: 06/01/19 - 06/30/19
 Account Number: 000267



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 WHIN.MUSIC.COMMUNITY.CHARTER.SCHOOL
 CHARLES ORTIZ, GREGORY DAVID
 401 WEST 184TH STREET 4TH FL. COB
 NEW YORK NY 10032

Mail in statements will increase from \$45 to \$55. For statements or to avoid statement fee, please utilize our online banking.

STATEMENT SUMMARY					Total Balance: \$50,079.11
Deposit Accounts					
Account Type	Previous Balance	Deposits	Withdrawals	New Balance	
REGULAR BUSINESS SHARE	54.00	0.00	0.45	53.55	53.55
SECONDARY SHARE BUSINESS (51)	50,021.39	4.11	0.00	50,025.50	
Loan Accounts					Total Balance: \$0.00
Account Type	Previous Balance	Advances	Payments	New Balance	
*WORKING CAPITAL (22)	.00	0.00	0.00	.00	

REGULAR BUSINESS SHARE (53)					Ending Balance: \$53.55
ACCOUNT OWNERS/SIGNERS: WHIN MUSIC COMMUNITY CHARTER SCHOOL CHARLES ORTIZ, GREGORY DAVID					
Date	Memo	Description	Deposits	Withdrawals	Balance
06/01		PREVIOUS BALANCE			54.00
06/30		STATEMENT FEE		.45	53.55
06/30		NEW BALANCE			53.55
WITHDRAWALS AND OTHER DEBITS					
Date	Amount	Date	Amount	Date	Amount
06/30	.45				
YTD DIVIDENDS EARNED .00					
ANNUAL PERCENTAGE YIELD EARNED FROM 06/01/19 THROUGH 06/30/19 IS .00.00% BASED UPON AN AVERAGE BALANCE OF 54.05 AND TOTAL DIVIDENDS EARNED IS \$0.00.					

SECONDARY SHARE BUSINESS (51)					Ending Balance: \$50,025.50
ACCOUNT OWNERS/SIGNERS: WHIN MUSIC COMMUNITY CHARTER SCHOOL CHARLES ORTIZ, GREGORY DAVID					
Date	Memo	Description	Deposits	Withdrawals	Balance
06/01		PREVIOUS BALANCE			50,021.39
06/30		DIVIDEND	4.11		50,025.50
06/30		NEW BALANCE			50,025.50



SECONDARY STATEMENT BALANCE

DEPOSITS AND OTHER CREDITS

Date	Amount	Date	Amount
06/30	4.11		

YTD DIVIDENDS EARNED 24.01
 ANNUAL PERCENTAGE RATE EARNED FROM 06/01/19 THROUGH 06/30/19 IS 0.50%
 UPON AN AVERAGE BALANCE OF \$2,139 AND TOTAL TIME OF 4.11

***WORKING CAPITAL (22)** Ending balance: \$0.00

DAILY PERIODIC RATE 0.021% ANNUAL PERCENTAGE RATE 0.35% FROM 06/01/19 TO 06/30/19

LINE OF CREDIT \$ 75,000.00 AVAILABLE LINE TOTAL \$ 75,000.00

Date	Description	Advances	Principal Payments	Balance
06/01	PREVIOUS BALANCE			.00
06/30	NEW BALANCE			.00

YTD INTEREST PAID .00

FEES CHARGED

Date	Description	Account	Amount
	TOTAL FEES CHARGED		.00

INTEREST CHARGED

Date	Description	Account	Amount
	TOTAL INTEREST CHARGED		.00

TOTALS YEAR-TO-DATE

TOTAL FEES CHARGED .00
 TOTAL INTEREST CHARGED .00

YEAR TO DATE TAX REPORTING SUMMARY

REPORTING EIN	DIVIDENDS EARNED	DIVIDENDS WITHHELD	CERTIFICATE PENALTY	MORTGAGE INTEREST	NON-MORTGAGE INTEREST
[REDACTED]	24.01	0.00	0.00	0.00	0.00

