



FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

CUSACK & COMPANY
Certified Public Accountants LLC

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GREEN TECH HIGH CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Public School District			
Resident Student Enrollment	\$ 5,251,766	\$ -	\$ 5,251,766
Students with Disabilities	98,862	-	98,862
Grants and Contracts			
Federal Grants	183,095	-	183,095
Food Service/Children Nutrition Program	<u>159,399</u>	<u>-</u>	<u>159,399</u>
Total Revenue	<u>5,693,122</u>	<u>-</u>	<u>5,693,122</u>
Expenses			
Program Services			
Regular Education	3,388,872	-	3,388,872
Special Education	386,835	-	386,835
Other Programs	<u>193,802</u>	<u>-</u>	<u>193,802</u>
Total Program Services	3,969,509	-	3,969,509
Management and General	<u>1,851,055</u>	<u>-</u>	<u>1,851,055</u>
Total Operating Expenses	<u>5,820,564</u>	<u>-</u>	<u>5,820,564</u>
Loss from School Operations	<u>(127,442)</u>	<u>-</u>	<u>(127,442)</u>
Other Revenue and Reclassifications			
Contributions	95,271	-	95,271
Interest Income	3,699	-	3,699
E-Rate Income	20,555	-	20,555
Fundraising	1,053	-	1,053
Miscellaneous Income	36,724	-	36,724
Net Assets Released from Restrictions	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>
Total Other Revenue	<u>197,302</u>	<u>(40,000)</u>	<u>157,302</u>
Increase (Decrease) in Net Assets	69,860	(40,000)	29,860
Net Assets, Beginning of Year	<u>544,876</u>	<u>100,000</u>	<u>644,876</u>
Net Assets, End of Year	<u>\$ 614,736</u>	<u>\$ 60,000</u>	<u>\$ 674,736</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies as a school and for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Donated Services

The School received donated services from unpaid volunteers who assisted in fund raising, office administration and program activities. For the services donated, the criteria for recognition in these financial statements of such volunteer effort was not met and, therefore, no revenue and expense has been reflected in these financial statements. Management has estimated that volunteers have provided approximately 100 hours in assisting the School in each of the years ended June 30, 2020 and 2019.

Fair Value

The ASC requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable input to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the School would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants.

Accounting for Uncertainty in Income Taxes

The School follows the ASC, *Accounting for Income Taxes*, and their current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The School has not recognized any benefits from uncertain tax positions in 2020 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2020.

Information returns filed by the School are subject to examination by taxing authorities up to three years after the extended due date of each return. Forms 990 and state income tax filings for the School are no longer subject to examination for the year ended June 30, 2016 and prior.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

ASU No. 2018-08

In June 2018, the FASB issued ASU No. 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 the scope and the accounting guidance for contributions received and contributions made. The amendments in this update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU primarily affects all not-for-profit organizations because contributions are a significant source of revenue for these entities. However, the amendments in this update apply to all entities, including business entities, that receive or make contributions of cash and other assets, including promises to give within the scope of Subtopic 958-605 and contributions made within the scope of Subtopic 720-25, Other Expenses - Contributions Made. The School adopted this ASU in 2019. The accounting change has been applied on a modified prospective basis. Under a modified prospective basis, agreements not completed as of the ASU effective date as well as agreements entered into after the ASU effective date apply.

Future Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-to-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, as updated by ASU 2019-01, *Codification Improvements*, and ASU 2019-10, *Effective Dates*, issued in March and November 2019, respectively. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The School is currently evaluating the impact that ASU 2016-02 will have on the School's financial statements and related disclosures.

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GREEN TECH HIGH CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

5. PROPERTY AND EQUIPMENT

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Building Improvements	\$ 826,427	\$ 664,300
Furniture and Fixtures	354,335	285,998
Equipment	291,276	228,066
Total at Cost	<u>1,472,038</u>	<u>1,178,364</u>
Less: Accumulated Depreciation	<u>831,293</u>	<u>674,315</u>
	<u>\$ 640,745</u>	<u>\$ 504,049</u>

Depreciation expense was \$156,978 and \$137,700 for the years ended June 30, 2020 and 2019, respectively.

6. REFUNDABLE ADVANCES

On March 27, 2020 Congress passed the Coronavirus Aid, Relief and Economic Security (Cares) Act which was intended to provide fast and direct economic assistance for American workers, families, small businesses and preserve jobs for American industries. A component of the Cares Act is the Paycheck Protection Program (PPP) which provides qualified small businesses with a formula based low interest rate loan. These loans are to be repaid over the 2 year period subsequent to the initial disbursement, including a 6 month no-payment deferral period, and have the potential to be forgiven after 24 weeks if used for qualifying costs such as payroll, including health and pension benefits, as well as rent, utilities and qualified debt interest which are limited to 40% of the loan amount. The School applied for and received a PPP loan in the amount of \$660,900 on April 14, 2020.

In June 2020, guidance was provided by the American Institute of Certified Public Accountants (AICPA) that PPP loans, if forgiveness is anticipated, should be accounted for

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**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***

To the Board of Trustees of
Green Tech High Charter School
Albany, New York

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Green Tech High Charter School (a nonprofit organization) (the "School"), which comprise the statement of financial position as of June 30, 2020, 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 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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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 the 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with a int6.77 Td[()vernment AuanA (ht5 (riting St16 (thandards. [(a)24 e1 Tf0 13. (oTd[())]inside

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole except as noted in Schedule 1, if applicable.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Current Year Comments:

1. Prior year comment number 1 has not been resolved and the number of uncertified teachers over the legal limit has increased to 4. Our recommendation has not changed.

Management Response:

Management continually reviews compliance with this requirement and, despite further setbacks because of the COVID-19 pandemic, seeks certified teachers from a limited pool of employees. We accept the recommendation and will work to ensure compliance as resources are available going forward.

2. Prior year comment number 5 has not been resolved.

During our testing of accounts receivable we noted several older receivables for student tuition, and an allowance for doubtful accounts has been established. We recommend that these items are aggressively pursued or formally intercepted with the NYS Education Department. If all reasonable collection efforts have been exhausted, we recommend management approves the finance department to formally write off as uncollectible.

Management Response:

We accept this recommendation and will actively pursue all outstanding receivables or write off if deemed uncollectible.

Prior Year Comments:

1. During our testing over the payroll function we noted that as of June 30, 2019 the School had exceeded the legal limit for uncertified teachers by 1 employee. We discussed this item with management and they acknowledged this overage which was due primarily to unanticipated staffing changes which could not be rectified in a timely manner to provide class coverage.
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4. During our review of credit card transactions and bank transfers we noted that the accounting policy and procedures manual does not cover some of the activities which are part of these internal control systems. We recommend that the manual is updated to reflect the entire process for credit and debit card transactions as well as bank transfers to help strengthen the controls over these procedures.

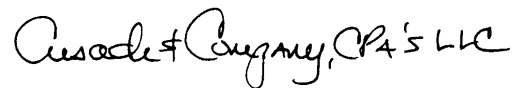
Resolution: This items appears to have been resolved.

5. During test work over Accounts Receivable we proposed an adjusting entry to record an allowance for doubtful accounts over older accounts which are deemed uncollectible. We recommend the Board revisit their policy for collection of older receivables and set a cutoff date to start the applicable collection or intercept process. We recommend this cutoff date is no longer than 60 days after the original anticipated collection date.

Resolution: This item has NOT been resolved

This information is intended solely for the use of the Board of Trustees and management of Green Tech High Charter School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



CUSACK & COMPANY, CPAS, LLC

GREEN TECH HIGH

SCHOOL

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Green Tech High Charter School is currently working with several teachers on staff to

ensure that they complete their certification process.