

ELMWOOD VILLAGE CHARTER SCHOOLS

**FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

JUNE 30, 2020

Table of Contents

June 30, 2020

Financial Statements

Independent Auditors' Report

Financial Statements

Notes to Financial Statements

Additional Information

Combining Statements of Activities and Functional Expenses

Reporting Required by *Government Auditing Standards*

Independent Auditors' 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*

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Elmwood Village Charter Schools

We have audited the accompanying balance sheets of Elmwood Village Charter Schools (the Organization) as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 the Organization as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Additional Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization’s internal control over financial reporting and compliance.



October 21, 2020

ELMWOOD VILLAGE CHARTER SCHOOLS

Balance Sheets

June 30,	2020	2019
Assets		
Current assets:		
Cash	\$ 5,935,211	\$ 4,520,182
Receivables (Note 2)	604,589	245,409
Prepaid expenses and other	36,175	39,940
	<u>6,575,975</u>	<u>4,805,531</u>
Property and equipment, net (Note 3)	11,365,578	11,163,964
Restricted cash	150,000	150,000
	<u>\$ 18,091,553</u>	<u>\$ 16,119,495</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt (Note 5)	\$ 472,141	\$ 454,955
Accounts payable	289,658	141,526
Accrued expenses	1,125,391	1,086,245
	<u>1,887,190</u>	<u>1,682,726</u>
Long-term debt (Note 5)	5,692,897	6,140,452
Paycheck Protection Program loan (Note 6)	1,451,500	-
Net assets:		
Without donor restrictions	8,993,560	8,261,989
With donor restrictions (Note 7)	66,406	34,328
	<u>9,059,966</u>	<u>8,296,317</u>
	<u>\$ 18,091,553</u>	<u>\$ 16,119,495</u>

See accompanying notes.

ELMWOOD VILLAGE CHARTER SCHOOLS

Statements of Activities

For the years ended June 30,	2020	2019
Net assets without donor restrictions:		
Support and revenue:		
Enrollment fees:		
Resident students	\$ 9,395,180	\$ 8,582,459
Resident students with disabilities	1,118,972	813,500
Additional state aid	-	176,624
Contributions - federal, state, and local awards	660,666	791,865
Rental income	238,998	245,789
Interest income	110,681	63,228
Fundraising and other income	26,130	84,109
Net assets released from restrictions	34,328	-
Total support and revenue	<u>11,584,955</u>	<u>10,757,574</u>
Expenses:		
Program expenses:		
Regular education	5,631,052	5,685,976
Special education	1,456,213	1,339,587
Other program	1,429,652	1,013,904
Supporting services:		
Management and general	2,336,467	1,885,328
Total expenses	<u>10,853,384</u>	<u>9,924,795</u>
Change in net assets without donor restrictions	<u>731,571</u>	<u>832,779</u>
Net assets with donor restrictions:		
Contributions	66,406	34,328
Net assets released from restrictions	<u>(34,328)</u>	<u>-</u>
Change in net assets with donor restrictions	<u>32,078</u>	<u>34,328</u>
Change in net assets	763,649	867,107
Net assets - beginning	<u>8,296,317</u>	<u>7,429,210</u>
Net assets - ending	<u>\$ 9,059,966</u>	<u>\$ 8,296,317</u>

See accompanying notes.

ELMWOOD VILLAGE CHARTER SCHOOLS

Statements of Functional Expenses

For the years ended June 30,

	2020					
	Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	23.8	\$ -	\$ -	\$ -	\$ 1,113,736	\$ 1,113,736
Instructional personnel	86.8	3,280,968	845,263	-	-	4,126,231
Non-instructional personnel	10.4	-	-	623,339	-	623,339
Total salaries	121.0	\$ 3,280,968	\$ 845,263	\$ 623,339	\$ 1,113,736	\$ 5,863,306
Salaries		\$ 3,280,968	\$ 845,263	\$ 623,339	\$ 1,113,736	\$ 5,863,306
Employee benefits and taxes		693,392	223,135	393,257	265,465	1,575,249
Retirement		206,721	67,338	112,227	67,156	453,442
Professional fees		-	-	-	233,770	233,770
Other purchased and consulting services		37,399	160,742	-	-	198,141
Rent expense		-	-	-	287,482	287,482
Repairs and maintenance		139,466	45,649	83,251	54,651	323,017
Insurance		49,442	16,173	29,935	20,028	115,578
Utilities		63,937	21,010	40,235	27,491	152,673
Supplies and materials		160,656	-	-	-	160,656
Staff development		102,935	-	-	-	102,935
Marketing and recruitment		-	-	-	21,261	21,261
Technology		146,236	-	-	-	146,236
Student services		149,542	-	-	-	149,542
Afterschool		-	-	78,532	-	78,532
Office expense		-	-	-	63,681	63,681
Interest		102,883	30,057	60,580	60,844	254,364
Other expenses		16,833	-	-	21,112	37,945
		5,150,410	1,409,367	1,421,356	2,236,677	10,217,810
Depreciation		480,642	46,846	8,296	99,790	635,574
Total		\$ 5,631,052	\$ 1,456,213	\$ 1,429,652	\$ 2,336,467	\$ 10,853,384

See accompanying notes.

2019

Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total
12.0	\$ -	\$ -	\$ -	\$ 848,462	\$ 848,462
94.8	3,076,002	783,724	-	-	3,859,726
6.5	-	-	438,663	-	438,663
113.3	\$ 3,076,002	\$ 783,724	\$ 438,663	\$ 848,462	\$ 5,146,851
	\$ 3,076,002	\$ 783,724	\$ 438,663	\$ 848,462	\$ 5,146,851
	764,734	206,141	203,048	177,051	1,350,974
	277,954	74,741	69,146	61,256	483,097
	-	-	-	183,011	183,011
	29,911	92,361	-	-	122,272
	-	-	-	286,503	286,503
	212,226	57,364	60,346	51,794	381,730
	57,535	15,588	17,285	14,657	105,065
	88,546	24,007	27,061	22,863	162,477
	129,944	-	-	-	129,944
	137,103	-	-	-	137,103
	-	-	-	16,670	16,670
	145,100	-	-	-	145,100
	163,264	-	-	-	163,264
	-	-	145,428	-	145,428
	-	-	-	70,795	70,795
	145,443	39,434	44,475	37,571	266,923
	-	-	-	31,940	31,940
	5,227,762	1,293,360	1,005,452	1,802,573	9,329,147
	458,214	46,227	8,452	82,755	595,648
	\$ 5,685,976	\$ 1,339,587	\$ 1,013,904	\$ 1,885,328	\$ 9,924,795

ELMWOOD VILLAGE CHARTER SCHOOLS

Statements of Cash Flows

For the years ended June 30,	2020	2019
Operating activities:		
Cash received from enrollment fees	\$ 10,066,133	\$ 9,630,011
Cash received from contributions - federal, state, and local awards	814,487	645,597
Cash received from rents	238,998	245,789
Cash received from other sources	136,811	147,337
Payments to employees for services and benefits	(7,851,427)	(6,781,576)
Payments to vendors and suppliers	(2,069,342)	(2,156,311)
Interest paid	(254,364)	(266,923)
Net operating activities	1,081,296	1,463,924
Investing activities:		
Property and equipment expenditures	(655,311)	(113,377)
Financing activities:		
Principal payments on long-term debt	(462,456)	(445,174)
Proceeds from Paycheck Protection Program loan	1,451,500	-
Net financing activities	989,044	(445,174)
Net change in cash and restricted cash	1,415,029	905,373
Cash and restricted cash - beginning	4,670,182	3,764,809
Cash and restricted cash - ending	\$ 6,085,211	\$ 4,670,182

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization and Purpose:

Elmwood Village Charter Schools (the Organization) operates Elmwood Village Charter School Days Park (EVCS Days Park) and Elmwood Village Charter School Hertel (EVCS Hertel) in the City of Buffalo, New York (the City) authorized by the Board of Trustees of the State University of New York (Board of Trustees).

EVCS Days Park is chartered through June 2025 and EVCS Hertel is chartered through July 2022. Continuance of operations after these dates is contingent upon charter renewal approvals.

EVCS Days Park currently offers classes from kindergarten through eighth grade. EVCS Hertel offered classes from kindergarten through fourth grade in 2020 (kindergarten through third in 2019).

New Accounting Standards Adopted:

During the year ended June 30, 2020, the Organization adopted two new comprehensive revenue recognition models under Financial Accounting Standards Board (FASB) Accounting Standard Updates (ASU).

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, addresses the differences between contributions and exchange transactions including guidance on timing and revenue recognition. ASU 2018-08 was adopted using the modified prospective method.

ASU 2014-09, *Revenue from Contracts with Customers*, requires an organization to recognize revenue from exchange transactions to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 was adopted using the full retrospective method.

The adoption of these standards did not impact the Organization's recognition of revenue and related accounts.

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through October 21, 2020, the date the financial statements were available to be issued.

Cash:

Cash in financial institutions potentially subjects the Organization to concentrations of credit risk, since it may exceed insured limits at various times throughout the year. The Organization complies with a requirement to hold no less than \$150,000 in an escrow account to pay legal and audit expenses that would be associated with dissolution should it occur. This is included as restricted cash on the balance sheets as of June 30, 2020 and 2019.

Property and Equipment:

Property and equipment is stated at cost net of accumulated depreciation. Depreciation is provided over estimated asset service lives using the straight-line method. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Revenue Recognition:

Enrollment Fees

Enrollment fees are received from the public-school districts in which the student resides. The amount received each year from the resident district is generally the product of the approved operating expense per pupil and the full time equivalent enrollment of the students in the Organization residing in that district. The respective districts also reimburse the Organization for special education service based on approved applicable rates for the services provided. Revenues are recognized over the period the services are provided. The Organization generally invoices the resident district bimonthly and payment is due in 30 days. Enrollment fees received in advance are deferred and recognized when earned. The Organization's enrollment fees are received primarily from the Board of Education for the City School District (the District).

In June 2019, all New York State charter schools serving students in the fiscal 2019 school year received additional state aid. The additional aid was based on the number of students served during fiscal 2019 and was paid directly from the New York State Education Department. No additional state aid was received for the year ended June 30, 2020.

Contributions

Contributions, which include government awards, are reported at fair value at the date the pledge or award is received. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are shown as support without donor restrictions.

Conditional contributions, primarily government awards, are recorded as revenue when the Organization meets requirements in compliance with specific agreements. Amounts received before the required conditions are met are reported as refundable advances on the accompanying balance sheets. These conditional contributions are subject to compliance and financial audits by the funding sources. Management believes no significant adjustments are necessary to recognized amounts.

Receivables

Receivables are stated at the amounts management expects to collect from outstanding balances. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to uncollectible receivables and a credit to accounts receivable. An allowance for doubtful accounts is considered unnecessary by management because all significant amounts deemed uncollectible are written off each year.

Income Taxes:

The Organization is a 501(c)(3) corporation exempt from taxation under Section 501(a) of the Internal Revenue Code.

Transportation and Food Services:

Several districts provide the Organization with certain transportation services without cost. The District also provides food services without cost. The value of these services has not been recorded in the accompanying financial statements.

Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Functional Expense Allocation:

The Organization's costs of providing its various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include salaries and benefits, which are allocated based on estimates of time and effort, and depreciation, interest, and repairs and maintenance, which are allocated based on management's estimate of program benefit.

2. Receivables:

	2020	2019
Enrollment fees	\$ 497,748	\$ 49,729
Contributions	106,841	195,680
	<u>\$ 604,589</u>	<u>\$ 245,409</u>

Enrollment fees receivable at June 30, 2020 include \$250,700 withheld by the District for disputed rates of special education services provided by the Organization from 2008 through 2018 (Note 12).

3. Property and Equipment:

	2020	2019
Land	\$ 546,400	\$ 546,400
Building and improvements	12,137,822	11,853,702
Leasehold improvements	140,806	140,806
Instructional equipment	1,073,365	960,332
Office equipment	439,867	350,380
Construction in progress	350,548	-
	<u>14,688,808</u>	<u>13,851,620</u>
Less accumulated depreciation	3,323,230	2,687,656
	<u>\$ 11,365,578</u>	<u>\$ 11,163,964</u>

Construction in progress at June 30, 2020 represents a renovation project at EVCS Days Park. The project is expected to be completed in November 2020 at a total cost of approximately \$1,500,000.

4. Short-Term Borrowings:

The Organization has available a \$200,000 bank demand line of credit for working capital with interest payable at prime plus .25%. The line is subject to the usual terms and conditions applied by the bank for working capital financing, secured by essentially all assets of the Organization, and is annually reviewed and renewed. There were no borrowings on the line of credit at June 30, 2020 and 2019.

5. Long Term Debt:

	<u>2020</u>	<u>2019</u>
Bank mortgage notes payable, monthly installments of \$28,409 including interest at 3.675%, secured by related building and equipment, balloon payment of approximately \$2,236,000 due July 2021.	\$ 2,489,496	\$ 2,732,439
Bank construction mortgage and term notes payable, monthly installments of \$28,377 including interest at 3.675%, secured by Organization property and equipment, balloon payment of approximately \$3,374,000 due August 2021.	3,625,875	3,826,834
Equipment loans, varying monthly installments and interest rates, secured by related equipment, due through September 2024.	84,355	77,231
	\$ 6,199,726	\$ 6,636,504
Less unamortized debt issuance costs	34,688	41,097
	6,165,038	6,595,407
Less current portion	472,141	454,955
	\$ 5,692,897	\$ 6,140,452

Debt issuance costs are amortized as interest expense over the remaining term of the debt arrangements. Amortization expense of debt issuance costs for the years ended June 30, 2020 and 2019 was \$6,409 and \$10,080 respectively.

Net aggregate maturities of long-term debt balances at June 30, 2020 are:

2021	\$ 472,141
2022	5,670,265
2023	8,341
2024	12,862
2025	1,429
	\$ 6,165,038

The bank loan agreements contain certain covenants relating to, among other things, the maintenance of levels of debt service coverage and various other restrictions. Management believes it complies with pertinent covenants.

6. Paycheck Protection Program Loan:

During 2020, the Organization received a loan totaling \$1,451,500 from the Small Business Administration under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in response to the pandemic described in Note 13. Some or all of the loan may be forgiven if certain criteria is met. Otherwise, the loan is unsecured, bears interest at 1%, and is payable over a negotiable period of time.

7. Net Assets with Donor Restrictions:

Net assets with donor restrictions are available for use by the Organization to provide additional financial support for specific student purposes stipulated by the donor.

8. Retirement Plans:

The Organization participates in the New York State Teachers' Retirement System (TRS) which is a cost-sharing multiple employer public employee 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.

TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from TRS at www.nystrs.org.

No employee contribution is required for those whose service began prior to July 1976. TRS requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined from July 1976 through December 2009. Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% of compensation throughout their active membership in TRS. Participants whose service began on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation.

Pursuant to Article 11 of the Education Law, an actuarially determined contribution rate is established annually by the New York State Teachers' Retirement Board. The rate is 8.86% of the annual covered payroll for the year ended June 30, 2020, and 10.62% for the year ended June 30, 2019. The Organization's required contributions for the years ended June 30, 2020 and 2019 were \$422,479 and \$458,793.

The Organization also has a contributory defined contribution pension plan covering selected employee groups. The Organization contributes a percentage of non-instructional employees' salaries to the plan, subject to certain limitations. The Organization's pension expenses for the years ended June 30, 2020 and 2019 were \$30,963 and \$24,304.

9. Operating Lease:

The Organization leases property under the terms of a non-cancelable operating lease. Rental expense under this lease was \$287,482 and \$286,503 for the years ended June 30, 2020 and 2019. The Organization purchased a building from the City during fiscal 2012, and entered into a non-cancellable sub lease for this property.

Future minimum annual rentals due are:

2021	\$	265,100
2022		287,200
2023		289,200
2024		289,200
2025		289,200
Thereafter		313,300
	\$	<u>1,733,200</u>

Future minimum annual rentals to be received under the sublease are:

2021	\$	235,900
2022		235,900
2023		255,600
2024		257,400
2025		257,400
Thereafter		278,800
	\$	<u>1,521,000</u>

10. Cash Flows Information:

The 2020 and 2019 statements of cash flows excludes property and equipment additions acquired with term financing arrangements of \$32,087 and \$33,691. The 2020 statement of cash flows also excludes the effect of construction in progress included in accounts payable at June 30, 2020 totaling \$149,790.

11. Financial Assets Available for Operations:

The Organization obtains financial assets generally through enrollment fees, contributions, and rental income. The financial assets are acquired throughout the year to help meet the Organization’s cash needs for general expenditures. If necessary, the Organization also has access to a \$200,000 bank demand line of credit (Note 4).

The Organization’s financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash available for operations	\$ 5,868,805	\$ 4,485,854
Receivables	604,589	245,409
	<u>\$ 6,473,394</u>	<u>\$ 4,731,263</u>

12. Contingency:

In 2019, an audit by the Office of the New York State Comptroller determined the District had provided incorrect special education rates for over a decade. As a result, there is a dispute with the rate used for aid that passes through the District to the Organization for special education services. In February 2020, the District informed the Organization of its intent to recoup approximately \$501,400 in special education aid paid over the past decade of which approximately \$250,700 was recouped through June 30, 2020. This recoupment in the amount of approximately \$250,700 (Note 2) has been recorded as a receivable at June 30, 2020 in the accompanying financial statements.

In April 2020, a court ruling determined that charter schools must first exhaust administrative remedies by submitting a State intercept form to the New York State Education Department Commissioner (the Commissioner) to recover monies withheld from the Organization. Consequently, the Organization has submitted a State intercept to the Commissioner and is following the administrative procedures to resolve the matter. No liability is recorded in these financial statements as management believes the Organization will be successful in challenging the District’s recoupment of funds through the State administrative procedure.

13. Risks and Uncertainties due to COVID-19:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and all schools and resulted in a severe disruption of operations for many organizations.

In March 2020, the Organization transitioned to remote instruction for the remainder of the 2019-20 school year. Consequently, enrollment fees and revenue for the year ended June 30, 2020 were not reduced. The Organization's restart plan for the 2020-21 school year includes remote instruction in compliance with all government safety mandates.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, and its impact on schools, including its students and families, employees, and vendors, none of which can be predicted.

ELMWOOD VILLAGE CHARTER SCHOOLS

Additional Information
Combining Statement of Activities

For the year ended June 30, 2020
With comparative totals for June 30, 2019

	EVCS Days Park	EVCS Hertel	Total 2020	Total 2019
Net assets without donor restrictions:				
Support and revenue:				
Enrollment fees:				
Resident students	\$ 6,003,250	\$ 3,391,930	\$ 9,395,180	\$ 8,582,459
Resident students with disabilities	797,425	321,547	1,118,972	813,500
Additional state aid	-	-	-	176,624
Contributions - federal, state, and local awards	189,835	470,831	660,666	791,865
Rental income	237,978	1,020	238,998	245,789
Interest income	55,260	55,421	110,681	63,228
Fundraising and other income	25,107	1,023	26,130	84,109
Net assets released from restrictions	-	34,328	34,328	-
Total support and revenue	<u>7,308,855</u>	<u>4,276,100</u>	<u>11,584,955</u>	<u>10,757,574</u>
Expenses:				
Program expenses:				
Regular education	3,473,003	2,158,049	5,631,052	5,685,976
Special education	931,074	525,139	1,456,213	1,339,587
Other program	757,421	672,231	1,429,652	1,013,904
Supporting services:				
Management and general	1,284,972	1,051,495	2,336,467	1,885,328
Total expenses	<u>6,446,470</u>	<u>4,406,914</u>	<u>10,853,384</u>	<u>9,924,795</u>
Change in net assets without donor restrictions	<u>862,385</u>	<u>(130,814)</u>	<u>731,571</u>	<u>832,779</u>
Net assets with donor restrictions:				
Contributions	-	66,406	66,406	34,328
Net assets released from restrictions	-	(34,328)	(34,328)	-
Change in net assets with donor restrictions	<u>-</u>	<u>32,078</u>	<u>32,078</u>	<u>34,328</u>
Changes in net assets	<u>862,385</u>	<u>(98,736)</u>	<u>763,649</u>	<u>867,107</u>
Net assets - beginning	<u>7,383,803</u>	<u>912,514</u>	<u>8,296,317</u>	<u>7,429,210</u>
Net assets - ending	<u>\$ 8,246,188</u>	<u>\$ 813,778</u>	<u>\$ 9,059,966</u>	<u>\$ 8,296,317</u>

ELMWOOD VILLAGE CHARTER SCHOOLS

Additional Information
Combining Statement of Functional Expenses

For the year ended June 30, 2020
With comparative totals for June 30, 2019

	EVCS Days Park					
	Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total
Administrative personnel	11.8	\$ -	\$ -	\$ -	\$ 548,046	\$ 548,046
Instructional personnel	54.3	2,062,538	559,915	-	-	2,622,453
Non-instructional personnel	7.2	-	-	356,835	-	356,835
Total salaries	73.3	\$ 2,062,538	\$ 559,915	\$ 356,835	\$ 548,046	\$ 3,527,334
Salaries		\$ 2,062,538	\$ 559,915	\$ 356,835	\$ 548,046	\$ 3,527,334
Employee benefits and taxes		477,547	153,061	227,411	125,061	983,080
Retirement		161,310	52,275	76,965	39,017	329,567
Professional fees		-	-	-	116,885	116,885
Other purchased and consulting services		18,764	78,727	-	-	97,491
Rent expense		-	-	-	287,482	287,482
Repairs and maintenance		83,804	27,145	39,982	20,339	171,270
Insurance		28,253	9,140	13,476	6,920	57,789
Utilities		31,590	10,242	15,073	7,615	64,520
Supplies and materials		83,549	-	-	-	83,549
Staff development		48,937	-	-	-	48,937
Marketing and recruitment		-	-	-	11,194	11,194
Technology		77,001	-	-	-	77,001
Student services		81,441	-	-	-	81,441
Afterschool		-	-	-	-	-
Office expense		-	-	-	31,515	31,515
Interest		55,905	16,296	26,204	23,780	122,185
Other expenses		16,833	-	-	1,896	18,729
		3,227,472	906,801	755,946	1,219,750	6,109,969
Depreciation		245,531	24,273	1,475	65,222	336,501
Total		\$ 3,473,003	\$ 931,074	\$ 757,421	\$ 1,284,972	\$ 6,446,470

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Number of Positions	Regular Education	Special Education	Other Programs	Management and General	Total	Total 2020	Total 2019
12.0	\$ -	\$ -	\$ -	\$ 565,690	\$ 565,690	\$ 1,113,736	\$ 848,462
32.5	1,218,430	285,348	-	-	1,503,778	4,126,231	3,859,726
3.2	-	-	266,504	-	266,504	623,339	438,663
47.7	\$ 1,218,430	\$ 285,348	\$ 266,504	\$ 565,690	\$ 2,335,972	\$ 5,863,306	\$ 5,146,851
	\$ 1,218,430	\$ 285,348	\$ 266,504	\$ 565,690	\$ 2,335,972	\$ 5,863,306	\$ 5,146,851
	215,845	70,074	165,846	140,404	592,169	1,575,249	1,350,974
	45,411	15,063	35,262	28,139	123,875	453,442	483,097
	-	-	-	116,885	116,885	233,770	183,011
	18,635	82,015	-	-	100,650	198,141	122,272
	-	-	-	-	-	287,482	286,503
	55,662	18,504	43,269	34,312	151,747	323,017	381,730
	21,189	7,033	16,459	13,108	57,789	115,578	105,065
	32,347	10,768	25,162	19,876	88,153	152,673	162,477
	77,107	-	-	-	77,107	160,656	129,944
	53,998	-	-	-	53,998	102,935	137,103
	-	-	-	10,067	10,067	21,261	16,670
	69,235	-	-	-	69,235	146,236	145,100
	68,101	-	-	-	68,101	149,542	163,264
	-	-	78,532	-	78,532	78,532	145,428
	-	-	-	32,166	32,166	63,681	70,795
	46,978	13,761	34,376	37,064	132,179	254,364	266,923
	-	-	-	19,216	19,216	37,945	31,940
	1,922,938	502,566	665,410	1,016,927	4,107,841	10,217,810	9,329,147
	235,111	22,573	6,821	34,568	299,073	635,574	595,648
	\$ 2,158,049	\$ 525,139	\$ 672,231	\$ 1,051,495	\$ 4,406,914	\$ 10,853,384	\$ 9,924,795

INDEPENDENT AUDITORS' 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*

The Board of Trustees
Elmwood Village Charter Schools

We have audited, in accordance with the 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 Elmwood Village Charter Schools (the Organization), which comprise the balance sheet as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lunden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 21, 2020