

**URBAN ASSEMBLY CHARTER SCHOOL FOR
COMPUTER SCIENCE**

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020

(With Comparative Totals for 2019)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Urban Assembly Charter School for Computer Science

Report on the Financial Statements

We have audited the accompanying financial statements of Urban Assembly Charter School for Computer Science, 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, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 Urban Assembly Charter School for Computer Science as of June 30, 2020, and the changes in its net assets, functional expenses, 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 Urban Assembly Charter School for Computer Science's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2019. In our opinion, the summarized comparative information presented herein as of June 30, 2019 and for the period from August 29, 2016 (date of inception) to June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

As discussed in Note A to the financial statements, in 2020, Urban Assembly Charter School for Computer Science 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.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020 on our consideration of Urban Assembly Charter School for Computer Science'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 Urban Assembly Charter School for Computer Science's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 29, 2020

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,170,460	\$ 600,057
Grants and contracts receivable	98,554	38,032
Prepaid expenses	28,069	1,497
TOTAL CURRENT ASSETS	1,297,083	639,586
<u>PROPERTY AND EQUIPMENT, net</u>	823,304	651,963
<u>CASH IN ESCROW</u>	50,004	25,001
TOTAL ASSETS	<u>\$ 2,170,391</u>	<u>\$ 1,316,550</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 174,489	\$ 103,298
<u>LONG-TERM LIABILITIES</u>		
Paycheck Protection Program note payable	543,360	-
Note payable	700,000	500,000
TOTAL LIABILITIES	1,417,849	603,298
<u>NET ASSETS</u>		
Without donor restrictions	677,542	713,252
With donor restrictions	75,000	-
TOTAL NET ASSETS	752,542	713,252
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,170,391</u>	<u>\$ 1,316,550</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Year ended June 30, 2020			Period from August 29, 2016 (date of inception) to June 30, 2019
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains and other support:				
Public school district:				
Resident student enrollment	\$ 3,601,006	\$ -	\$ 3,601,006	\$ 1,728,745
Students with disabilities	780,493	-	780,493	385,852
Grants and contracts:				
State and local	17,452	-	17,452	217,321
Federal - Title and IDEA	168,070	-	168,070	107,821
Federal - other	57,064	-	57,064	824,901
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>4,624,085</u>	-	<u>4,624,085</u>	<u>3,264,640</u>
Expenses				
Program services:				
Regular education	3,054,129	-	3,054,129	2,288,453
Special education	1,659,066	-	1,659,066	1,016,850
Total program services	4,713,195	-	4,713,195	3,305,303
Management and general	295,424	-	295,424	361,629
Fundraising	42,623	-	42,623	83,824
TOTAL OPERATING EXPENSES	<u>5,051,242</u>	-	<u>5,051,242</u>	<u>3,750,756</u>
DEFICIT FROM SCHOOL OPERATIONS	(427,157)	-	(427,157)	(486,116)
Support and other revenue				
Contributions:				
Individuals	216,444	-	216,444	804,367
Corporations	175,000	75,000	250,000	395,000
Interest income	3	-	3	1
TOTAL SUPPORT AND OTHER REVENUE	<u>391,447</u>	<u>75,000</u>	<u>466,447</u>	<u>1,199,368</u>
(DECREASE) INCREASE IN NET ASSETS	(35,710)	75,000	39,290	713,252
Net assets at beginning of year	713,252	-	713,252	-
NET ASSETS AT END OF YEAR	<u>\$ 677,542</u>	<u>\$ 75,000</u>	<u>\$ 752,542</u>	<u>\$ 713,252</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF FUNCTIONAL EXPENSES

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

	Year ended June 30, 2020								Period from
	Program Services				Fundraising	Management and General	Sub-total	Total	Total
	No. of Positions	Regular Education	Special Education	Sub-total					
Personnel services costs:									
Administrative staff personnel	8	441,687	\$ 245,321	\$ 687,008	\$ 30,000	\$ 140,600	\$ 170,600	\$ 857,608	\$ 911,375
Instructional personnel	30	1,347,029	808,397	2,155,426	-	-	-	2,155,426	1,135,269
Total salaries and staff	38	1,788,716	1,053,718	2,842,434	30,000	140,600	170,600	3,013,034	2,046,644
Fringe benefits & payroll taxes		305,054	179,705	484,759	5,116	23,978	29,094	513,853	344,745
Retirement		36,047	21,235	57,282	605	2,833	3,438	60,720	22,611
Financial management services		59,864	35,265	95,129	1,004	4,705	5,709	100,838	166,234
Legal services		246	144	390	4	19	23	413	595
Accounting/Audit services		-	-	-	-	24,000	24,000	24,000	23,900
Other Purchased/Professional/									
Consulting Services		49,075	24,197	73,272	689	73,283	73,972	147,244	228,817
Repairs and maintenance		698	412	1,110	12	55	67	1,177	2,038
Insurance		24,211	14,262	38,473	406	1,903	2,309	40,782	22,188
Utilities		30,575	18,011	48,586	513	2,403	2,916	51,502	32,824
Supplies/Materials		95,919	30,323	126,242	-	-	-	126,242	145,490
Equipment/Furnishings		65,592	25,156	90,748	272	1,273	1,545	92,293	34,210
Staff development & travel		114,616	37,140	151,756	56	260	316	152,072	227,651
Marketing/Recruitment		33,562	12,394	45,956	-	1,617	1,617	47,573	77,210
Technology		33,922	19,983	53,905	569	2,666	3,235	57,140	27,567
Food service		23,925	7,564	31,489	-	-	-	31,489	22,729
Student services		192,734	60,929	253,663	-	-	-	253,663	111,996
Office expense		17,702	10,429	28,131	297	1,392	1,689	29,820	18,711
Depreciation and amortization		153,663	90,521	244,184	2,577	12,078	14,655	258,839	164,119
Other		28,008	17,678	45,686	503	2,359	2,862	48,548	30,477
		<u>\$ 3,054,129</u>	<u>\$ 1,659,066</u>	<u>\$ 4,713,195</u>	<u>\$ 42,623</u>	<u>\$ 295,424</u>	<u>\$ 338,047</u>	<u>\$ 5,051,242</u>	<u>\$ 3,750,756</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF CASH FLOWS

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

	<u>Year ended</u> <u>June 30, 2020</u>	<u>Period from</u> <u>August 29, 2016</u> <u>(date of</u> <u>inception) to</u> <u>June 30, 2019</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 39,290	\$ 713,252
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	258,839	164,119
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	(60,522)	(38,032)
Prepaid expenses	(26,572)	(1,497)
Accounts payable and accrued expenses	<u>71,191</u>	<u>103,298</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	282,226	941,140
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(430,180)</u>	<u>(816,082)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(430,180)	(816,082)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on Paycheck Protection Program note payable	543,360	-
Borrowings on note payable	<u>200,000</u>	<u>500,000</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>743,360</u>	<u>500,000</u>
NET INCREASE IN CASH AND RESTRICTED CASH	595,406	625,058
Cash and restricted cash at beginning of year	<u>625,058</u>	<u>-</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,220,464</u>	<u>\$ 625,058</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF CASH FLOWS, Cont'd

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

	Year ended June 30, 2020	Period from August 29, 2016 (date of inception) to June 30, 2019
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Interest paid	\$ -	\$ -
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	\$ 1,170,460	\$ 600,057
Cash in escrow	50,004	25,001
	<u>\$ 1,220,464</u>	<u>\$ 625,058</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

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

Urban Assembly Charter School for Computer Science (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School provides a full range of educational services appropriate for grades nine through twelve. On August 29, 2016, the Board of Trustees of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. The term expires July 31, 2022.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

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 nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities and net assets of the Charter School are reported in the following self-balancing net asset groups:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Charter School.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had \$75,000 of net assets with donor restrictions at June 30, 2020. The Charter School had no net assets with donor restrictions at June 30, 2019.

Revenue and support recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

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

The Charter School records substantially all revenues over time as follows:

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

The following table summarizes contract balances at their respective statement of financial position dates:

	June 30,	
	<u>2020</u>	<u>2019</u>
Grants and contracts receivable	\$ 43,615	\$ -

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

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 and contracts receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. The Charter School received cost-reimbursement grants of approximately \$6,058 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred. There were no such grants at June 30, 2019.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. 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 maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$50,004 at and \$25,001 at June 30, 2020 and 2019, respectively.

Grants and contracts receivable

Grants and contracts receivable 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. There was no allowance for doubtful accounts at June 30, 2020 or 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 two to seven years.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. In addition, the Charter School received donated transportation services that was provided for the students from the local district. The Charter School was unable to determine a value for these services.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

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

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2018 through June 30, 2020 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruitment costs approximated \$47,600 and \$77,200 for the year ended June 30, 2020 and for the period from August 29, 2016 (date of inception) to June 30, 2019, respectively.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standards

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Charter School adopted ASC 606 with the date of initial application of July 1, 2019.

The Charter School applied ASC 606 using the cumulative effect method, which generally requires the recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets, at July 1, 2019. There was no adjustment to the opening balance of net assets at July 1, 2019, as a result of this new accounting standard. In addition, the comparative information has not been adjusted and continues to be reported under existing revenue guidance. The Charter School does not expect the adoption of the new revenue standard to have a material impact on its income on an ongoing basis.

As part of the adoption of ASC 606, the Charter School elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligation, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

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

Contributions received and contributions made

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For most resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. The Charter School adopted the provisions of ASU 2018-08 applicable to contributions received with a date of initial application of July 1, 2019 under a modified prospective basis. Accordingly, there is no effect on net assets.

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year of cash in the statement of cash flows. ASC 230 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Charter School adopted this standard as of July 1, 2019 using the retrospective transition method.

New accounting pronouncement - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020 to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School's financial position or results of operations.

Comparatives for the period ended June 30, 2019

The financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Charter School's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 29, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

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 School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a surplus budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2020 and 2019:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 1,170,460	\$ 600,057
Grants and contracts receivable	<u>98,554</u>	<u>38,032</u>
Total financial assets available within one year	1,269,014	638,089
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(75,000)</u>	<u>-</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,194,014</u>	<u>\$ 638,089</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 725,805	\$ 544,416
Furniture and fixtures	404,444	208,890
Computer equipment	<u>116,013</u>	<u>62,776</u>
	1,246,262	816,082
Less accumulated depreciation and amortization	<u>422,958</u>	<u>164,119</u>
	<u>\$ 823,304</u>	<u>\$ 651,963</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE D: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 outbreak, in May 2020, the Charter School applied for and was approved by a bank for a loan of \$543,360 through the Paycheck Protection Program established by the Small Business Administration. The loan has a maturity of 5 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the School. The loan was funded in May 2020. Due to the potential of forgiveness, repayment terms have not been finalized as of the report date; therefore, the entire balance has been classified as long-term at June 30, 2020.

NOTE E: NOTE PAYABLE

In June 2018, the Charter School entered into an unsecured loan agreement with a lender to borrow up to \$700,000 through October 31, 2019. The loan is payable in two equal installments of principal plus all accrued and unpaid interest at 2.5%, due July 15, 2022 and July 15, 2023. At June 30, 2020 and 2019, there was \$700,000 and \$500,000 outstanding, respectively.

NOTE F: NET ASSETS

There were no net assets with donor restrictions at June 30, 2019. Net assets with donor restrictions consisted of the following at June 30, 2020:

Summer Scholarship fund	\$ 50,000
CS++ Program	20,000
Design competition	<u>5,000</u>
	<u>\$ 75,000</u>

Net assets without donor restrictions at June 30, 2020 and 2019 are as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Undesignated	\$ 554,238	\$ 561,289
Invested in property and equipment, net of related debt	<u>123,304</u>	<u>151,963</u>
	<u>\$ 677,542</u>	<u>\$ 713,252</u>

NOTE G: SCHOOL FACILITY

As part of the New York City Chancellor's Charter School Initiative, the New York City Department of Education has committed space to the Charter School at no charge under a verbal agreement. Total approximate square footage usage as of June 30, 2020 and 2019 was 20,000 square feet of classroom space and access to an additional 20,000 square feet consisting of an auditorium, gym, and cafeteria.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE H: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE I: CONCENTRATIONS

At June 30, 2020 and 2019 approximately 53% and 93%, respectively, of grants and contracts receivable were due from federal agencies relating to certain grants.

For the year ended June 30, 2020 and the period from August 29, 2016 (date of inception) through June 30, 2019, approximately 95% and 65%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

One federal start-up grant accounted for approximately 24% of total operating revenue and support for the period from August 29, 2016 (date of inception) through June 30, 2019.

NOTE J: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees are eligible to participate in the Plan after attaining the age of 21 and three months of service. Employees can make pretax contributions up to a maximum of 100% of their annual compensation to the Plan, subject to IRS restrictions. The Charter School will make a safe harbor contribution equal to 3% the employee's annual compensation. The Charter School may also contribute a discretionary non-matching contribution to the Plan. The Charter School made a safe harbor contribution of approximately \$60,700 and \$22,600 to the Plan for the year ended June 30, 2020 and the period from August 29, 2016 (date of inception) through June 30, 2019, respectively. The Charter School did not make an additional discretionary non-matching contribution for the year ended June 30, 2020 and the period from August 29, 2016 (date of inception) through June 30, 2019.

NOTE K: OPERATING LEASE

The Charter School entered into a non-cancelable lease agreement for office equipment expiring May 2023. The future minimum payments on this agreement are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 3,600
2022	3,600
2023	<u>3,300</u>
	<u>\$ 10,500</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE L: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE M: COMMITMENTS

In December 2017, the Charter School entered into an agreement with The Urban Assembly, Inc. to provide on-going school support and professional development. The agreement continues through June 30, 2023. The future minimum payments on this agreement are approximately \$60,000 annually.

Total expense for the year ended June 30, 2020 was \$60,000. For the period August 26, 2016 (date of inception) through June 30, 2019, which included additional fees related to the planning years, total expense was approximately \$180,000.

NOTE N: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Urban Assembly Charter School for Computer Science

We have audited the financial statements of Urban Assembly Charter School for Computer Science as of June 30, 2020, and have issued our report thereon dated October 29, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2020 financial information hereinafter 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. The 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 for the year ended June 30, 2020.

We have also audited the financial statements of Urban Assembly Charter School for Computer Science as of and for the period from August 29, 2016 (date of inception) to June 30, 2019, and our report thereon dated October 15, 2019, expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the 2019 financial statements as a whole. The 2019 supplemental financial information was presented for purposes of additional analysis and was not a required part of the 2019 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. The information has been subjected to the auditing procedures applied in the audit of the 2019 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. Our report as of the same date, on the 2019 supplemental financial information stated that, in our opinion, the information was fairly stated in all material respects in relation to the financial statements as a whole for the period from August 29, 2016 (date of inception) to June 30, 2019.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 29, 2020

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URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

SCHEDULE OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019 AND
THE PERIOD FROM AUGUST 29, 2016 (DATE OF INCEPTION) TO JUNE 30, 2018 AND
THE PERIOD FROM AUGUST 29, 2016 (DATE OF INCEPTION) TO JUNE 30, 2019

	<u>Year ended June 30,</u>		<u>Period from</u>	<u>Period from</u>
	<u>2020</u>	<u>2019</u>	<u>August 29, 2016</u>	<u>August 29, 2016</u>
			<u>(date of</u>	<u>(date of</u>
			<u>inception) to</u>	<u>inception) to</u>
			<u>June 30, 2018</u>	<u>June 30, 2019</u>
Revenue, gains and other support:				
Public school district:				
Resident student enrollment	\$ 3,601,006	\$ 1,728,745	\$ -	\$ 1,728,745
Students with disabilities	780,493	385,852	-	385,852
Grants and contracts:				
State and local	17,452	217,321	-	217,321
Federal - Title and IDEA	168,070	107,821	-	107,821
Federal - other	57,064	241,253	583,648	824,901
TOTAL REVENUES, GAINS & OTHER SUPPORT	4,624,085	2,680,992	583,648	3,264,640
Personnel services costs:				
Administrative staff personnel	857,608	592,567	318,808	911,375
Instructional personnel	2,155,426	1,064,545	70,724	1,135,269
Total salaries and staff	3,013,034	1,657,112	389,532	2,046,644
Fringe benefits and payroll taxes	513,853	291,022	53,723	344,745
Retirement	60,720	22,611	-	22,611
Financial management services	100,838	125,618	40,616	166,234
Legal services	413	140	455	595
Accounting/Audit services	24,000	21,900	2,000	23,900
Other Purchased/Professional/Consulting Services	147,244	84,997	143,820	228,817
Repairs and maintenance	1,177	1,683	355	2,038
Insurance	40,782	21,218	970	22,188
Utilities	51,502	32,824	-	32,824
Supplies/Materials	126,242	145,490	-	145,490
Equipment/Furnishings	92,293	29,526	4,684	34,210
Staff development	152,072	90,737	136,914	227,651
Marketing/Recruitment	47,573	43,999	33,211	77,210
Technology	57,140	26,324	1,243	27,567
Food service	31,489	22,729	-	22,729
Student services	253,663	108,496	3,500	111,996
Office expense	29,820	17,173	1,538	18,711
Depreciation and amortization	258,839	164,119	-	164,119
Other	48,548	29,130	1,347	30,477
TOTAL OPERATING EXPENSES	5,051,242	2,936,848	813,908	3,750,756
DEFICIT FROM SCHOOL OPERATIONS	(427,157)	(255,856)	(230,260)	(486,116)
Support and other revenue:				
Contributions:				
Individuals	216,444	36,033	768,334	804,367
Corporations	250,000	155,000	240,000	395,000
Interest income	3	1	-	1
TOTAL SUPPORT AND OTHER REVENUE	466,447	191,034	1,008,334	1,199,368
INCREASE (DECREASE) IN NET ASSETS	\$ 39,290	\$ (64,822)	\$ 778,074	\$ 713,252

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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
Urban Assembly Charter School for Computer Science

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 Urban Assembly Charter School for Computer Science, 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, 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 Urban Assembly Charter School for Computer Science's internal control over financial reporting (internal control) to determine the audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Urban Assembly Charter School for Computer Science's internal control. Accordingly, we do not express an opinion on the effectiveness of Urban Assembly Charter School for Computer Science'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Urban Assembly Charter School for Computer Science'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. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barz & Co. LLP

Rochester, New York
October 29, 2020