



FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

GREEN TECH HIGH CHARTER SCHOOL

TABLE OF CONTENTS
JUNE 30, 2021 AND 2020

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statement of Activities - 2021	4
Statement of Activities - 2020	5
Statements of Cash Flows	6
Statement of Functional Expenses - 2021	7
Statement of Functional Expenses - 2020	8
Notes to Financial Statements	9-20
Additional Report Required by <i>Government Auditing Standards</i>	
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 <i>Government Auditing Standards</i>	21-22

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACK.CPA
WWW.CUSACK.CPA

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Green Tech High Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green Tech High Charter School as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Green Tech High Charter School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Green Tech High Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Green Tech High Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Green Tech High Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of Green Tech High Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Green Tech High Charter School's 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 Green Tech High Charter School's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 28, 2021

GREEN TECH HIGH CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets			
Cash - Operations		\$ 1,302,722	\$ 1,091,128
Cash - Restricted		140,250	-
Grants, Contracts and Other Receivables, Net		377,175	200,133
Pledges Receivable, Current Portion		20,000	60,000
Prepaid Expense		38,256	38,683
Total Current Assets		<u>1,878,403</u>	<u>1,389,944</u>
Property and Equipment, Net		<u>627,498</u>	<u>640,745</u>
Other Assets			
Cash - Board Designated		76,905	76,786
Pledges Receivable, Net Current Portion		40,000	-
Total Other Assets		<u>116,905</u>	<u>76,786</u>
Total Assets		<u>\$ 2,622,806</u>	<u>\$ 2,107,475</u>
	<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities			
Current Portion of Long-Term Debt		\$ 8,208	\$ 347,543
Accounts Payable and Accrued Expenses		82,184	-
Accrued Payroll and Benefits		292,373	365,130
Compensated Absences		46,129	40,081
Refundable Advances		140,250	670,900
Total Current Liabilities		<u>569,144</u>	<u>1,423,654</u>
Long-Term Liabilities			
Long-Term Debt, Net of Current Portion		-	9,085
Net Pension Liability		229,872	-
Total Long-Term Liabilities		<u>229,872</u>	<u>9,085</u>
Total Liabilities		<u>799,016</u>	<u>1,432,739</u>
Net Assets			
Without Donor Restrictions:			
Undesignated		1,686,885	537,950
Board Designated		76,905	76,786
Subtotal		<u>1,763,790</u>	<u>614,736</u>
With Donor Restrictions:			
Purpose Restricted		<u>60,000</u>	<u>60,000</u>
Total Net Assets		<u>1,823,790</u>	<u>674,736</u>
Total Liabilities and Net Assets		<u>\$ 2,622,806</u>	<u>\$ 2,107,475</u>

GREEN TECH HIGH CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Public School District			
Resident Student Enrollment	\$ 5,872,099	\$ -	\$ 5,872,099
Students with Disabilities	117,642	-	117,642
Grants and Contracts			
Federal Grants	307,329	-	307,329
Food Service/Children Nutrition Program	<u>12,709</u>	<u>-</u>	<u>12,709</u>
Total Revenue	<u>6,309,779</u>	<u>-</u>	<u>6,309,779</u>
Expenses			
Program Services			
Regular Education	3,738,816	-	3,738,816
Special Education	393,014	-	393,014
Other Programs	<u>95,696</u>	<u>-</u>	<u>95,696</u>
Total Program Services	4,227,526	-	4,227,526
Management and General	<u>1,950,378</u>	<u>-</u>	<u>1,950,378</u>
Total Operating Expenses	<u>6,177,904</u>	<u>-</u>	<u>6,177,904</u>
Surplus from School Operations	<u>131,875</u>	<u>-</u>	<u>131,875</u>
Other Revenue			
Contributions	27,060	-	27,060
Fundraising	1,050	-	1,050
Interest Income	1,884	-	1,884
E-Rate Income	33,830	-	33,830
Miscellaneous Income	10,268	-	10,268
BCF Note Forgiveness	282,187	-	282,187
PPP Loan Forgiveness	<u>660,900</u>	<u>-</u>	<u>660,900</u>
Total Other Revenue	<u>1,017,179</u>	<u>-</u>	<u>1,017,179</u>
Increase in Net Assets	1,149,054	-	1,149,054
Net Assets, Beginning of Year	<u>614,736</u>	<u>60,000</u>	<u>674,736</u>
Net Assets, End of Year	<u>\$ 1,763,790</u>	<u>\$ 60,000</u>	<u>\$ 1,823,790</u>

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>

GREEN TECH HIGH CHARTER SCHOOL
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows Provided by Operating Activities:		
Increase in Net Assets	\$ 1,149,054	\$ 29,860
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities:		
Depreciation	186,680	156,978
BCF Note Forgiveness	(282,187)	-
PPP Loan Forgiveness	(660,900)	-
Pension Related Changes	229,872	-
Bad Debt Expense	82,621	-
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Assets		
Grants, Contracts and Other Receivables, Net	(259,663)	(17,526)
Prepaid Expense	427	(29,999)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	82,184	(7,219)
Accrued Payroll and Benefits	(72,757)	73,775
Compensated Absences	6,048	11,091
Refundable Advances	<u>130,250</u>	<u>670,900</u>
Net Cash Provided by Operating Activities	<u>591,629</u>	<u>887,860</u>
Cash Flows Used in Investing Activities		
Purchase of Property and Equipment	<u>(173,433)</u>	<u>(293,674)</u>
Cash Flows Used in Financing Activities		
Payments on Long-Term Debt	<u>(66,233)</u>	<u>(215,604)</u>
Net Increase in Cash	351,963	378,582
Cash, Beginning of Year	<u>1,167,914</u>	<u>789,332</u>
Cash, End of Year	<u>\$ 1,519,877</u>	<u>\$ 1,167,914</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	<u>\$ 1,069</u>	<u>\$ 4,817</u>

Note: Cash includes operations, restricted and board designated accounts.

GREEN TECH HIGH CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>	
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 2,326,577	\$ 248,489	\$ 63,324	\$ 2,638,390	\$ 1,140,491	\$ 3,778,881
Benefits and Payroll Taxes	470,117	50,211	12,795	533,123	230,452	763,575
Contracted Services	157,474	16,819	-	174,293	-	174,293
Educational Materials	53,525	5,717	-	59,242	-	59,242
Field Trips	3,084	-	-	3,084	-	3,084
Fundraising	-	-	1,680	1,680	-	1,680
Insurance	46,027	4,916	1,253	52,196	22,562	74,758
Maintenance and Repairs	115,512	12,337	3,144	130,993	56,624	187,617
Marketing and Recruitment	-	-	-	-	37,545	37,545
Miscellaneous	-	-	-	-	13,321	13,321
Postage and Delivery	-	-	-	-	12,969	12,969
Professional Services	-	-	-	-	42,335	42,335
Rent	295,526	31,564	8,044	335,134	144,866	480,000
Sports	54,767	-	-	54,767	-	54,767
Staff Development	13,784	1,472	-	15,256	-	15,256
Supplies and Materials	-	-	-	-	67,253	67,253
Telephone and Internet	44,086	4,709	1,200	49,995	21,610	71,605
Travel	723	77	-	800	-	800
Uniforms	1,230	-	-	1,230	-	1,230
Utilities	41,449	4,427	1,128	47,004	20,319	67,323
Depreciation	114,935	12,276	3,128	130,339	56,341	186,680
Interest	-	-	-	-	1,069	1,069
Bad Debt Expense	-	-	-	-	82,621	82,621
Total Expenses	<u>\$ 3,738,816</u>	<u>\$ 393,014</u>	<u>\$ 95,696</u>	<u>\$ 4,227,526</u>	<u>\$ 1,950,378</u>	<u>\$ 6,177,904</u>

GREEN TECH HIGH CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 1,868,602	\$ 225,155	\$ 123,135	\$2,216,892	\$ 1,064,594	\$ 3,281,486
Benefits and Payroll Taxes	394,253	47,505	25,980	467,738	224,616	692,354
Contracted Services	216,779	26,121	-	242,900	-	242,900
Educational Materials	48,795	5,879	-	54,674	-	54,674
Field Trips	22,802	-	-	22,802	-	22,802
Fundraising	-	-	2,211	2,211	-	2,211
Insurance	24,080	2,901	1,587	28,568	13,719	42,287
Maintenance and Repairs	168,644	20,321	11,113	200,078	96,081	296,159
Marketing and Recruitment	-	-	-	-	59,452	59,452
Miscellaneous	-	-	-	-	2,938	2,938
Postage and Delivery	-	-	-	-	9,383	9,383
Professional Services	-	-	-	-	64,252	64,252
Rent	264,789	31,905	17,449	314,143	150,857	465,000
Sports	91,164	-	-	91,164	-	91,164
Staff Development	33,636	4,053	-	37,689	-	37,689
Supplies and Materials	-	-	-	-	53,773	53,773
Telephone and Internet	58,950	7,103	3,885	69,938	33,585	103,523
Transportation (Student)	49,199	-	-	49,199	-	49,199
Travel	3,773	455	-	4,228	-	4,228
Uniforms	15,295	-	-	15,295	-	15,295
Utilities	38,722	4,666	2,552	45,940	22,060	68,000
Depreciation	89,389	10,771	5,890	106,050	50,928	156,978
Interest	-	-	-	-	4,817	4,817
Total Expenses	<u>\$ 3,388,872</u>	<u>\$ 386,835</u>	<u>\$ 193,802</u>	<u>\$3,969,509</u>	<u>\$ 1,851,055</u>	<u>\$ 5,820,564</u>

1. ORGANIZATION AND PURPOSE

Organization

The mission of Green Tech High Charter School (the “School”) is to prepare young men to complete high school with a Regents diploma so they will have the opportunity to attend college or choose an alternative, responsible career path as they enter adulthood. The School will succeed in this mission by providing a complete college preparatory high school curriculum that ensures every student will attain the skills and coursework necessary for a Regents diploma, including the use of computer technology, with an added knowledge and understanding of the environment.

A provisional charter, valid for five years, was granted to the School by the Charter School Institute of the State University of New York pursuant to Article 56 of the Educational Law of the State of New York. The School began providing educational services in the fall of 2008 for the 9th grade. The provisional charter allowed for an additional grade to be added in each subsequent year until the School reaches grade 12. The School’s most recent charter renewal was granted in 2017 extending operations for an additional five years. In February 2019, the School received approval to modify its charter renewal and add a middle school program to its existing high school program, adding grades 6 through 8 in subsequent years through June 30, 2021. As of June 30, 2021, the School had an enrollment of approximately 389 students in the 6th through 12th grades.

The School is governed by a Board of Trustees in accordance with the School’s bylaws.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies and Financial Statement Presentation

The following summarizes the significant accounting policies consistently applied in the preparation of the School’s financial statements, with references to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) where applicable.

Basis of Accounting

The financial statements of the School are prepared using the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

A substantial portion of the School's revenue and related receivables is derived from its billing to school districts in accordance with State law, requiring the District to reimburse the School based on a per capita basis. These revenues are recognized ratably over the related school year during which they are earned.

Grants, contributions received and unconditional promises to give are measured at their fair values and reported as an increase in net assets. The School reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. The School reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue on cost reimbursement grants and contracts is recognized to the extent actual expenditures have been incurred in compliance with the specific grant requirements. Other grant and contract revenue is recognized in the period earned if on a fee for services basis. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when or as performance obligations are satisfied

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2021 and 2020.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third party payors for the School's contracts received related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding and other sources for the School's contracts for services not yet performed that are expected to be performed within the next fiscal year. There were no contract liabilities at June 30, 2021 and 2020.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs benefitted. Salaries are allocated based on estimates of total time spent, while other expenses are allocated based on estimates of the resources used.

Grants, Contracts and Other Receivables

Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than 90 days. Management has determined an allowance for school district tuition was necessary as of June 30, 2021 and 2020 in the amount of \$57,000 and \$76,220, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Unconditional pledges receivable are recognized as revenue without donor restrictions if pledged and paid in the same year, and revenue with donor restrictions if pledged in one year with ultimate payment in subsequent year(s). Pledges are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

Property, Equipment and Depreciation

Acquisitions of property and equipment in excess of \$1,000 are capitalized and recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs not improving or extending the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation is removed from the accounts and any gain or loss is reported in the statement of activities. Depreciation is provided over the estimated useful life of each class of depreciable asset (ranging from 3 to 39 years) and is computed using the straight-line method.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the School and changes therein are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the School and/or the passage of time. When a 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.

Advertising Costs

The School expenses advertising costs as they are incurred. Advertising costs for the years ended June 30, 2021 and 2020 were \$37,545 and \$59,452, respectively, and are included in the Statement of Functional Expenses as marketing and recruitment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

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, 2021 and 2020.

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 2021 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, 2021.

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, 2017 and prior.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 financial statement presentation.

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, 2021, and interim periods within those fiscal years. 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.

Subsequent Events

The School follows the ASC, *Subsequent Events*, which establishes general standards of accounting for, and disclosures of, events that occur after the due date of the financial statements but before the financial statements are issued or are available to be issued. In the preparation of these financial statements and notes thereto, management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 28, 2021, the date the financial statements were available to be issued. No events or transactions were identified by management.

3. BOARD DESIGNATED AND RESTRICTED CASH

The School has internally designated cash in the amount of \$76,905 and \$76,786 as of June 30, 2021 and 2020, respectively. The intended purpose of this designation is to provide a dissolution escrow to cover costs associated with an unanticipated closure, as required by the School's Charter Agreement. The School also has Restricted Cash in the amount of \$140,250 at June 30, 2021. This cash represents refundable advances on grants to be expended in subsequent periods.

4. GRANTS, CONTRACTS, OTHER AND PLEDGES RECEIVABLE, NET

At June 30, 2021 and 2020, grants, contracts and other receivables were comprised of the following sources:

	<u>2021</u>	<u>2020</u>
School District Tuition, Net	\$ 112,360	\$ 194,400
U.S. Department of Agriculture	3,733	2,652
U.S. Department of Education	261,082	-
Other Receivables	-	3,081
	<u>\$ 377,175</u>	<u>\$ 200,133</u>

At June 30, 2021 and 2020 the School had received \$60,000 of promises to give which have been recorded as net assets with donor restrictions due to purpose restrictions.

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Building Improvements	\$ 889,004	\$ 826,427
Furniture and Fixtures	354,335	354,335
Equipment	<u>402,132</u>	<u>291,276</u>
Total at Cost	1,645,471	1,472,038
Less: Accumulated Depreciation	<u>(1,017,973)</u>	<u>(831,293)</u>
	<u>\$ 627,498</u>	<u>\$ 640,745</u>

Depreciation expense was \$186,680 and \$156,978 for the years ended June 30, 2021 and 2020, respectively.

6. REFUNDABLE ADVANCES

Refundable advances consist of grant funds received for specific expenditures in subsequent periods, and the balances are comprised of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Scholarships	\$ 60,250	\$ -
Internship Coordinator	80,000	-
PPP Loan	-	660,900
Other	-	10,000
	<u>\$ 140,250</u>	<u>\$ 670,900</u>

The grants listed above have an implied or specific right of return if the funds are not expended for the specific purpose.

7. LONG-TERM DEBT

Long-Term debt is comprised of the following:

	<u>2021</u>	<u>2020</u>
Note payable to Brighter Choice Foundation (BCF) per Settlement Agreement dated August 23, 2017, which includes rental arrears, rental interest and replacement of fixtures and equipment at the School's previously leased building. Payments are calculated on a per pupil base formula as detailed in the Settlement Agreement. No interest accumulated after the settlement agreement date and the note matured on June 30, 2021. This note is collateralized by substantially all assets of the School. BCF has agreed to forgive the remaining balance. See Note 10.	\$ -	\$ 300,187
Loan payable to Bank of Greene County in monthly installments of \$2,801 including interest at a rate of 4.5% through August 2021. This loan is collateralized by substantially all assets of the School.	5,586	38,128
Interest free note payable to Ascentium Capital in monthly installments of \$1,308, maturing November 2021. This note is collateralized by equipment purchased with proceeds.	<u>2,622</u>	<u>18,313</u>
Total	8,208	356,628
Less: Current Portion	<u>(8,208)</u>	<u>(347,543)</u>
Long-Term Debt, Net of Current Portion	<u>\$ -</u>	<u>\$ 9,085</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent amounts received and restricted by donors to provide resources for increased compensation to instructional staff, in accordance with the School's long-term financial stability plan. Net assets with donor restrictions as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Special Purpose: Foundation for Teaching Fund	<u>\$ 60,000</u>	<u>\$ 60,000</u>

8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions are shown in the Statement of Financial Position as follows:

	<u>2021</u>	<u>2020</u>
Pledges Receivable - Current Portion	\$ 20,000	\$ 60,000
Pledges Receivable - Noncurrent	<u>40,000</u>	<u>-</u>
Total	<u>\$ 60,000</u>	<u>\$ 60,000</u>

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose.

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Accomplished:		
Donations Expended for Specific Purpose	<u>\$ -</u>	<u>\$ 40,000</u>

10. LOAN FORGIVENESS

As part of the CARES Act, the Paycheck Protection Program (PPP) provides 100% federally guaranteed loans to small businesses, designed to help small businesses keep workers employed amid the pandemic and economic shutdown. The loan may be forgiven if the borrower is qualified and maintains their payroll during the crisis or restores their payroll afterwards and uses the funds to cover payroll, certain related costs, rent, and utilities during a period of eight to twenty-four weeks after receiving the loan, as outlined in the PPP. The School applied for a PPP loan and received \$660,900, all of which was forgiven and recorded as Other Revenue in the Statement of Activities.

As part of their continued philanthropic activities, BCF has agreed to forgive the remaining amounts due on the note payable detailed in Note 7. As a result, the School has recorded \$282,187 as Other Revenue in the Statement of Activities.

11. FACILITIES RENTAL

The School leases their facility from an unrelated third party through November 30, 2021 or the purchase date of the facility, whichever is earlier, based on a lease extension agreement. Net occupancy costs of the lease for the year ended June 30, 2021 and 2020 were \$480,000 and \$465,000, respectively.

Future annual minimum lease payments required under the office lease in the year ending June 30, 2022 are approximately \$200,000.

12. RETIREMENT PLANS

Profit Sharing Plan

The School has adopted a profit-sharing plan under IRC §401(k) covering substantially all eligible employees, along with a discretionary matching contribution of up to 50% of the employee’s contribution, to a maximum matching contribution of 2% of the employee’s gross compensation. The School’s 401(k) matching contribution for the years ended June 30, 2021 and 2020 were \$3,031 and \$22,838, respectively.

Defined Benefit Pension Plan

The School adopted a tax exempt Defined Benefit Pension Plan (the “Plan”) and related trust under Internal Revenue Code Section 401(a) and 501(a), respectively, effective July 1, 2020.

Plan Description

The Plan covers substantially all employees who have completed 1 year of service (1,000 hours) and have reached age 21. Upon reaching age 62 (or age 55 with at least five years of vested service) participants are eligible for benefits of 1% of plan compensation multiplied by the participant’s credited service.

Funding Policy

The School is required to make annual contributions to the Plan as actuarially determined. For the year ended June 30, 2021, the School contributed \$200,000 to the Plan. The expected contribution for the year ending June 30, 2022 is \$200,000.

Pension Liability and Expense

At June 30, 2021, the School reported a pension liability of \$229,872 calculated as follows:

Change in Benefit Obligation

Projected Benefit Obligation - Beginning of Year	\$ -
Service Cost	442,954
Actuarial Gain	(10,921)
Projected Benefit Obligation - End of Year	<u>\$ 432,033</u>

Change in Plan Assets

Fair Value of Plan Assets - Beginning of Year	\$ -
Actuarial Return on Plan Assets	2,161
Employer Contributions	200,000
Fair Value of Plan Assets - End of Year	<u>\$ 202,161</u>

Pension Liability	<u>\$ (229,872)</u>
-------------------	---------------------

12. RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plan (Continued)

The fair value (measured at quoted prices in active markets for identical assets, Level 1) of the Plan's assets at June 30, 2021 were as follows:

Cash	\$ 1,545
U.S. Equity Investments	67,356
Foreign Equity Investments	9,447
Exchange Traded Products	118,703
Other	<u>5,110</u>
Total	<u>\$ 202,161</u>

For the year ended June 30, 2021, the School reported net periodic pension cost for this plan as follows:

Service Cost Component	\$ 442,954
Expected Return on Assets	(5,258)
Amortization of Actuarial Gain	<u>(7,824)</u>
Net Periodic Pension Cost	<u>\$ 429,872</u>

Actuarial Assumptions

Actuarial Cost Method	Projected Unit Credit
Measurement Date	June 30, 2021
Discount Rate	2.96%
Salary Increases	3.00%
Expected Long-Term Rate of Return	7.00%
Pre-Retirement Mortality	N/A
Post-Retirement Maturity	Sex-distinct Amount -Weighted Pri-2012 Mortality Tables using Scale MP-2020 on a generational basis

Expected Benefit Payments

Benefits expected to be paid if the future are as follows:

2022	\$ 1,526
2023	1,511
2024	1,495
2025	1,478
2026	1,460
2027-2031	60,139

13. COMMITMENTS AND CONTINGENCIES

The School is subject to audits and reviews of reimbursable costs by various governmental agencies. The outcome of the audits and reviews may have the effect of retroactively increasing or decreasing revenue from various sources. These changes, if any, will be recognized in accordance with the rules and guidelines established by the various funding sources.

The School is currently in negotiations for the purchase of their facility. While the purchase is not completed as of the financial statement date, it is anticipated to commensurate in the next operating cycle.

14. CONCENTRATION OF RISK

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 93% of total revenue and support for both years ended June 30, 2021 and 2020, respectively. No other funding source accounted for more than 10% of total revenue and support.

The School does occasionally maintain deposits in excess of federal insured limits. The ASC identifies this as a possible concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

15. LIQUIDITY AND AVAILABILITY OF RESOURCES

The School has \$1,679,897 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$1,302,722 and receivables of \$377,175. The School has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,000,000. The School has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

16. UNCERTAINTY

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the School and its future financial position and results of operations is not presently determinable.

**ADDITIONAL REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACK.CPA
WWW.CUSACK.CPA

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
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***

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, 2021, 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 28, 2021.

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) as a basis for designing 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.

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 School’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 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 financial statements. 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 *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 28, 2021