

**GREEN TECH HIGH
CHARTER SCHOOL**

FINANCIAL STATEMENTS

JUNE 30, 2017

**GREEN TECH HIGH
CHARTER SCHOOL**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Green Tech High Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities 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 Green Tech High Charter School as June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses on Page 13 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017, 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 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.

Scott, Stackrow & Co., CPAs, P.C.

Troy, New York
October 19, 2017

GREEN TECH HIGH CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 284,888
Grants and contracts receivable	198,832
Prepaid expenses	<u>2,421</u>
Total Current Assets	486,141

Property and Equipment, net	<u>680,016</u>
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<u>TOTAL ASSETS</u>	<u>\$ 1,166,157</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Current portion of long-term debt	\$ 115,888
Accounts payable and accrued expenses	393,656
Accrued payroll and benefits	263,103
Compensated absences	<u>29,562</u>
Total Current Liabilities	802,209

Long-Term Liabilities

Long-term debt, net of current portion	<u>281,684</u>
Total Liabilities	1,083,893

Net Assets

Unrestricted net assets	<u>82,264</u>
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<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,166,157</u>
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The accompanying notes are an integral part of these financial statements.

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GREEN TECH HIGH CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Revenue

Public School District

Resident student enrollment	\$ 4,790,723
Students with disabilities	154,743
Special funding	75,079

Grants and Contracts

Federal - Title I and IDEA	176,200
Food Service/Children Nutrition Program	162,005

Total Revenue 5,358,750

Expenses

Program services

Regular education	3,873,894
Special education	255,358
Other programs	325,923

Total Program Services 4,455,175

Management and General 851,926

Total Operating Expenses 5,307,101

Income from School Operations 51,649

Other Revenue

Contributions	43,050
Fundraising	1,182
Interest income	573
E-rate income	57,120
Miscellaneous	81,498

Total Other Revenue 183,423

Increase in Net Assets 235,072

Net Assets (Deficit), Beginning of Year (152,808)

Net Assets, End of Year \$ 82,264

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

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GREEN TECH HIGH CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

**Cash Flows Provided by
Operating Activities:**

Change in net assets \$ 235,072

**Adjustments to Reconcile Increase in
Net Assets to Cash Provided by
Operating Activities:**

Depreciation 105,269

Changes in Operating Assets and Liabilities

(Increase) decrease in assets

Grants and contracts receivable 38,450

Prepaid expense 28,413

Increase (decrease) in liabilities

Accounts payable and accrued expenses (185,203)

Accrued payroll and benefits 130,310

Compensated absences 3,128

Net Cash Provided by Operating Activities 355,439

Cash Flows Used in Investing Activities

Purchase of Property and Equipment (456,689)

Cash Flows Provided by Financing Activities

Proceeds from long-term debt insurance 346,473

Payments on long-term debt (102,427)

Net Cash Provided by Financing Activities 244,046

Net Increase in Cash 142,796

Cash, Beginning of Year 142,092

Cash, End of Year \$ 284,888

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

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GREEN TECH HIGH CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Green Tech High Charter School is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity. These accounting policies conform with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization's Nature of Activities

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 University of the State 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. A charter renewal was granted in 2016 extending the School's operations for an additional five years. As of June 30, 2017, the School has an enrollment of approximately 335 students in the 9th-12th grades.

The School is governed by a Board of Trustees in accordance with the School's by-laws. The School is a member of the Brighter Choice Foundation, which provides start-up grants, school facilities, revolving loan funds and technical assistance to area charter schools.

NOTE 2 – ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION

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 accompanying financial statements have been prepared in accordance with FASB ASC "Financial Statements of Not-for-Profit Organizations" utilizing the accrual basis of accounting. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

GREEN TECH HIGH CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 2 – ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION
(CONTINUED)

Support and Revenue

Grants and pledges received are measured at their fair values and reported as an increase in net assets. The School reports grants and pledges as restricted when a portion of their value is assigned to a long-term future use, long-term future meaning in excess of one year for the purpose of these financial statements.

The School reports gifts of goods and equipment as unrestricted support 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 restricted support. 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 Recognition

A substantial portion of the School's revenue and related receivables is derived from its billing to Albany City School District 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.

Revenue from other governmental sources generally represents entitlement grants and are recognized as earned when allowable expenditures are incurred. Costs are subject to audit and changes, if any, are recognized in the year known.

Donated Services and Goods

A number of unpaid volunteers have made contributions of their time. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation and it does not meet the reporting requirements of the accounting standards.

Grants, Contracts and Accounts Receivable

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 no allowance was deemed necessary as of June 30, 2017.

GREEN TECH HIGH CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 2 – ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION
(CONTINUED)

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 statements 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.

Conditional and Unconditional Promises to Give

At June 30, 2017 the School had not received any conditional or unconditional promises to give.

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.

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 related disclosures. Actual results could differ from these estimates.

Fair Value

Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

Accounting for Uncertainty in Income Taxes

The School is exempt from Federal and State income tax under §501(c)(3) of the Internal Revenue Code and comparable New York State Law. The school is designated as a publicly supported organization which is not a private foundation under §509(a) of the Internal Revenue Code.

GREEN TECH HIGH CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 2 – ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION
(CONTINUED)

Accounting for Uncertainty in Income Taxes (Continued)

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The School has not recognized any benefits from uncertain tax positions in 2017 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. Generally, federal, state and local authorities may examine the School's tax-exempt returns for three years from the date of filing; consequently, income tax returns for years prior to 2013 are no longer subject to examination by taxing authorities.

Advertising Costs

The School expenses advertising costs as they are incurred. Advertising costs for the year ended June 30, 2017 were \$36,990.

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 19, 2017, the date the financial statements were available to be issued.

NOTE 3 – GRANTS, CONTRACTS AND ACCOUNTS RECEIVABLE

At June 30, 2017, grants, contracts and accounts receivable were comprised of the following:

School district tuition	\$ 190,011
U.S. Department of Agriculture	8,821
	<u>\$ 198,832</u>

GREEN TECH HIGH CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2017:

Building improvements	\$ 612,840
Furniture and fixtures	283,756
Equipment	<u>188,047</u>
Total at cost	1,084,643
Less: Accumulated depreciation	<u>404,627</u>
Net	<u><u>\$ 680,016</u></u>

Depreciation expense was \$105,269 for the year ended June 30, 2017.

NOTE 5 – LONG-TERM DEBT

Long-term debt is comprised of the following:

Mortgage note payable to the Community Loan Fund in monthly installments of \$7,292, excluding interest, at a rate of 5% and maturing July 1, 2020. The loan has a tertiary creditor preference and is collateralized by substantially all of the assets of the School.

\$ 270,261

Loan payable to Bank of Greene County in monthly installments of \$2,801 including interest at a rate of 4.5% through August 2021.

127,311

Total

397,572

Less: Current portion

115,888

Long-term debt, net of current portion

\$ 281,684

GREEN TECH HIGH CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Long-term debt matures as follows over the next five years:

2018	\$ 115,888
2019	117,211
2020	118,596
2021	40,337
2022	5,540
	<u>\$ 397,572</u>

NOTE 6 – FACILITIES RENTAL

The School leased facilities through June 30, 2016 from the Brighter Choice Foundation. As of June 30, 2017, the School owes the Foundation \$311,750 for lease costs which are included in the accounts payable and accrued expenses line item in the Statement of Financial Position. As of October 1, 2016, the School is leasing a new facility from an unrelated third party through September 30, 2021.

Future annual minimum lease payments required under the School lease in the year ending June 30 is approximated as follows:

2018	\$ 345,000
2019	405,000
2020	465,000
2021	525,000
2022	135,000

NOTE 7 – RETIREMENT PLAN

The School has adopted a profit-sharing plan under IRC §401(k) covering 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 year ended June 30, 2017 were \$34,108.

NOTE 8 – 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.

GREEN TECH HIGH CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 9 – CONCENTRATION OF RISK

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 83% of total revenue and support for the year ended June 30, 2017. 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.

OTHER FINANCIAL INFORMATION

GREEN TECH HIGH CHARTER SCHOOL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services	
	Regular Education	Special Education	Other Programs	Total	Management and General	Total
Salaries	\$ 2,250,478	\$ 156,524	\$ 154,792	\$ 2,561,794	\$ 497,235	\$ 3,059,029
Benefits and payroll taxes	512,796	35,666	35,271	583,733	113,262	696,995
Contracted services	143,305	9,967	96,723	249,995	28,800	278,795
Educational materials	61,501	4,278	0	65,779	0	65,779
Field trips	40,984	0	0	40,984	0	40,984
Fundraising	0	0	3,637	3,637	0	3,637
Insurance	31,416	2,185	2,161	35,762	6,939	42,701
Maintenance and repairs	191,636	13,328	13,182	218,146	42,327	260,473
Marketing and recruitment	0	0	0	0	45,519	45,519
Miscellaneous	0	0	0	0	6,109	6,109
Postage and delivery	0	0	0	0	7,187	7,187
Professional services	0	0	0	0	39,822	39,822
Rent	165,539	11,513	11,386	188,438	36,562	225,000
Sports	130,698	0	0	130,698	0	130,698
Staff development	27,754	1,930	0	29,684	0	29,684
Supplies and materials	101,916	7,088	0	109,004	0	109,004
Telephone and internet	57,657	4,010	0	61,667	0	61,667
Transportation (Student)	20,975	0	0	20,975	0	20,975
Uniforms	9,725	0	0	9,725	0	9,725
Utilities	50,065	3,482	3,444	56,991	11,058	68,049
Depreciation	77,449	5,387	5,327	88,163	17,106	105,269
Total	\$ 3,873,894	\$ 255,358	\$ 325,923	\$ 4,455,175	\$ 851,926	\$ 5,307,101



**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 Directors of
Green Tech High Charter School
Albany, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Green Tech High Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Green Tech High Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Green Tech High Charter 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green Tech High Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott, Stackrow & Co., CPAs, P.C.

Troy, New York
October 19, 2017