

**TRUE NORTH ROCHESTER PREPARATORY
CHARTER SCHOOL**

ROCHESTER, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2019

(With Comparative Totals for 2018)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
True North Rochester Preparatory Charter School

Report on the Financial Statements

We have audited the accompanying statement of financial position of True North Rochester Preparatory Charter School as of June 30, 2019, 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 of 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 True North Rochester Preparatory Charter School as of June 30, 2019, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited True North Rochester Preparatory Charter School's June 30, 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statement from which they are derived.

Other Report Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019 on our consideration of True North Rochester Preparatory 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 24, 2019

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(With Comparative Totals for 2018)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 3,711,363	\$ 4,698,428
Investments	5,100,020	-
Grants and contracts receivable	1,309,610	1,961,262
Accounts receivable	1,207,514	3,470,654
Note receivable - related party	3,024,375	-
Prepaid expenses and other current assets	<u>649,610</u>	<u>449,719</u>
TOTAL CURRENT ASSETS	15,002,492	10,580,063
 <u>PROPERTY AND EQUIPMENT</u> , net of accumulated depreciation of \$5,650,312 and \$4,058,226, respectively		
	3,893,468	3,693,453
 <u>ESCROW ACCOUNT</u>		
	<u>238,257</u>	<u>238,257</u>
TOTAL ASSETS	<u>\$ 19,134,217</u>	<u>\$ 14,511,773</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,780,835	\$ 1,699,834
 <u>NET ASSETS, without donor restrictions</u>		
	<u>17,353,382</u>	<u>12,811,939</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,134,217</u>	<u>\$ 14,511,773</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	<u>Year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Revenue, gains and other support:		
Public school district		
Resident student enrollment	\$ 30,927,001	\$ 26,698,740
Students with disabilities	1,039,657	845,891
Grants and contracts:		
State and Local	-	391,895
Federal - Title and IDEA	1,320,385	1,541,577
Federal - Other	405,358	1,002,270
Food service/child nutrition program	<u>2,239,970</u>	<u>2,031,872</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	35,932,371	32,512,245
Expenses:		
Program services:		
Regular education	27,613,363	25,341,696
Special education	<u>934,207</u>	<u>783,762</u>
TOTAL PROGRAM SERVICES	28,547,570	26,125,458
General and administrative	<u>3,345,513</u>	<u>3,430,144</u>
TOTAL OPERATING EXPENSES	<u>31,893,083</u>	<u>29,555,602</u>
SURPLUS FROM SCHOOL OPERATIONS	4,039,288	2,956,643
Support and other revenue:		
Contributions:		
Foundations	310,196	206,853
Individuals	115,000	65,156
Miscellaneous income	<u>76,959</u>	<u>42,096</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>502,155</u>	<u>314,105</u>
CHANGE IN NET ASSETS	4,541,443	3,270,748
Net assets without donor restrictions at beginning of year	<u>12,811,939</u>	<u>9,541,191</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 17,353,382</u>	<u>\$ 12,811,939</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	No. of Positions	June 30,					2018 Total
		2019			2018		
		Regular education	Special education	Total	Support Services Management and General	Total	
Personnel services costs:							
Administrative staff personnel	50	\$ 3,165,377	\$ 111,831	\$ 3,277,208	\$ 1,203,733	\$ 4,480,941	\$ 4,239,022
Instructional personnel	206	9,445,887	318,515	9,764,402	-	9,764,402	8,929,521
Non-instructional personnel	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,416</u>	<u>60,416</u>	<u>121,113</u>
Total salaries and staff	259	12,611,264	430,346	13,041,610	1,264,149	14,305,759	13,289,656
Fringe benefits and payroll taxes		2,489,409	85,943	2,575,352	277,667	2,853,019	2,437,897
Retirement		309,804	10,578	320,382	-	320,382	290,339
Management fees		2,325,346	78,090	2,403,436	424,135	2,827,571	2,503,478
Legal service		-	-	-	35,430	35,430	35,519
Accounting and audit services		-	-	-	46,036	46,036	44,564
Other professional and consulting services		686,451	23,876	710,327	80,724	791,051	898,733
Building and land rent		1,115,693	37,704	1,153,397	-	1,153,397	1,062,702
Repairs and maintenance		1,029,121	33,089	1,062,210	-	1,062,210	967,245
Insurance		-	-	-	308,030	308,030	364,940
Utilities		330,698	11,222	341,920	164,211	506,131	440,533
Supplies and materials		430,361	14,661	445,022	-	445,022	476,438
Equipment/Furnishings		53,623	1,666	55,289	35,712	91,001	63,731
Professional development		833,056	29,108	862,164	-	862,164	984,780
Marketing and recruitment		57,143	1,866	59,009	-	59,009	98,739
Technology		331,144	10,838	341,982	159,632	501,614	591,046
Food service		1,734,873	58,785	1,793,658	-	1,793,658	1,680,947
Student services		1,315,604	46,860	1,362,464	-	1,362,464	1,310,594
Office expense		423,245	15,260	438,505	461,249	899,754	838,758
Depreciation and amortization		1,536,528	44,315	1,580,843	11,242	1,592,085	1,117,079
Other		<u>-</u>	<u>-</u>	<u>-</u>	<u>77,296</u>	<u>77,296</u>	<u>57,884</u>
		<u>\$ 27,613,363</u>	<u>\$ 934,207</u>	<u>\$ 28,547,570</u>	<u>\$ 3,345,513</u>	<u>\$ 31,893,083</u>	<u>\$ 29,555,602</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	June 30,	
	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 4,541,443	\$ 3,270,748
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,592,085	1,117,079
Bad debt expense	53,146	5,388
Changes in certain assets and liabilities affecting operations:		
Accounts receivable	2,209,994	(1,977,384)
Grants and other receivables	651,652	428,750
Prepaid expenses and other current assets	(199,891)	(310,910)
Accounts payable and accrued expenses	472,896	171,693
Deferred revenue	-	(57,710)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>9,321,325</u>	<u>2,647,654</u>
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(2,183,995)	(1,357,478)
Purchases of investments	(5,100,020)	-
Increase in note receivable - related party	(3,024,375)	-
Increase in escrow account	-	(51)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(10,308,390)</u>	<u>(1,357,529)</u>
NET (DECREASE) INCREASE IN CASH	(987,065)	1,290,125
Cash at beginning of year	<u>4,698,428</u>	<u>3,408,303</u>
CASH AT END OF YEAR	<u>\$ 3,711,363</u>	<u>\$ 4,698,428</u>
<u>NON-CASH INVESTING ACTIVITIES</u>		
Purchases of property and equipment in accounts payable	<u>\$ -</u>	<u>\$ 391,895</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

True North Rochester Preparatory Charter School (the “Charter School”), is an educational corporation operating as a charter school in Rochester, New York. On June 27, 2006, the Board of Regents 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. On February 18, 2014, the Charter School entered into an amended and restated renewal charter agreement which included the addition of Rochester Prep Charter School 3 through July 31, 2019. On January 26, 2016 the Charter School was granted a five year renewal for all schools through July 31, 2021.

The Charter School’s mission is to prepare all students to enter and succeed in college through effort, achievement and the content of their character.

West Campus Merger

Effective July 1, 2013, True North Rochester Preparatory Charter School and True North Rochester Preparatory Charter School – West Campus merged in accordance with the approval of the Charter School’s Board of Trustees and the New York State Board of Regents.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

These classes of net assets are defined as follows:

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. There were no net assets with donor restrictions at June 30, 2019 or 2018.

Net Assets Without Donor Restrictions – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current net assets without donor restrictions for specific purposes, projects or investment.

Revenue and support recognition

Revenue from state and local governments resulting from the Charter School’s charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the Charter School when qualifying expenditures are incurred and billable.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Contributions

Contributions received are recorded in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as revenue without donor restrictions.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, 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.

Cash

Cash balances are maintained at a financial institution located in New York and are insured by the FDIC up to \$250,000. 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.

Investments

Investments are maintained in accordance with the Charter School's Cash Management and Investment Policy. The goals of this policy are the preservation of principal, the maintenance of liquidity, and to obtain a competitive return on investment subject to prevailing market conditions and safe and sound investment practices. The policy was adopted by the Board in March 2019 and currently, as of June 30, 2019, all funds are held in a money market fund. As the policy is put into place, the funds will be separated into the following three portfolios:

- The operating portfolio will be invested in short-term instruments to fund the daily operating needs of the Charter School and fund any capital outlays anticipated in the next 2 months. This portfolio will consist of no less than two months' worth of operating expenses and shall be continuously invested in readily available funds such as money market funds or bank deposits.
- The reserve portfolio, if sufficient funds are available, will be invested in short-term instruments to fund daily operating needs and capital outlays within the next twelve months. Assets within this portfolio will be permitted to have investments maturing in one year or less.
- The strategic portfolio, if sufficient funds are available, will be invested to fund operating needs anticipated over the next three years. This portfolio allows for investments with stated maturities of up to three years from the purchase date. Maturities are to be laddered to ensure flexibility of and access to funds in this portfolio.

Receivables

Receivables 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, 2019 or 2018.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to ten years.

Construction in progress is stated at cost. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

Escrow account

The Charter School maintains cash in an escrow account in accordance with the terms of their charter agreement. The escrow is restricted to fund legal and other costs in the event of dissolution of the Charter School.

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, 2016 through June 30, 2019 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.

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 from certain local school districts. The Charter School was unable to determine a value for these services.

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.

Comparatives for year ended June 30, 2018

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 the Charter School's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Cont'd

Functional allocation of expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Change in accounting principle

During August 2016 FASB issued Accounting Standards Update No. 2016-14 "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities". The main provisions of ASU 2016-14 require a Not-For-Profit (NFP) to:

- 1.) Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets.
- 2.) Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item 1) rather than that of the required three classes as in prior years. An NFP would continue to report the currently required amount of the change in total net assets for the period.
- 3.) Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.
- 4.) Provide enhanced disclosures about:
 - a. Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
 - b. Qualitative information that communicates how a NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.
 - c. Quantitative information, and additional qualitative information, that communicates the availability of an NFP's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by Board of Trustee decisions.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Cont'd

- d. Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location.
- e. Method(s) used to allocate costs among program and support functions.

ASU 2016-14 is effective for financial statements beginning after December 15, 2017 and was applied retrospectively except for disclosures regarding liquidity and availability of resources, which are presented only for the current year. There was no effect on total assets or changes in net assets. The Charter School has adopted the amendments effective July 1, 2018.

New accounting pronouncements

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 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.

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 guidance in this new standard is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The standard is currently effective for the fiscal year ending June 30, 2021, but FASB is considering proposals to delay the effective date by one year. 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.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 24, 2019, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted except as disclosed in Note B.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE B: RELATED PARTY TRANSACTIONS

Uncommon Schools, Inc. (“USI”), a not-for-profit organization dedicated to helping start and run charter schools, provides management and other administrative support services to the Charter School. The Charter School entered into a five year agreement with USI, dated September 26, 2006 which was renewed for an additional five years effective July 1, 2011 and was revised July 1, 2014 and again effective July 1, 2018 for an additional five years, under which the Charter School pays USI a service fee of a set percentage of the average number of students enrolled at the Charter School during the school year multiplied by the approved per pupil tuition for the school year, and a percentage of all other public entitlement funding receivable during the fiscal year, excluding in-kind contributions and funds from competitive public grants. This percentage was fixed at 8% for Rochester Prep and 10% for West Campus for the 2014 year and is fixed for the fiscal years 2015 through 2023 for each of the schools ranging from 8% to 10% as outlined in the agreement. In addition, during the year ended June 30, 2017, the Charter School paid USI a 10% service fee for Rochester Prep 3 Elementary School based upon an agreement approved at the September 2016 Board meeting but not signed. Rochester Prep 3 Elementary School was included in an agreement signed subsequent to year end, with an effective date of July 1, 2018. Rochester Prep 3 Elementary School’s fee ranges from 8.5% to 10% through 2023. The fee incurred for the years ended June 30, 2019 and 2018 was \$2,827,571 and \$2,503,478, respectively. At June 30, 2019 and 2018, approximately \$8,600 and \$131,000, respectively, was included in accounts receivable relating to USI, primarily from grants passed through USI. At June 30, 2019 and 2018, approximately \$418,800 and \$385,700, respectively, was included in accounts payable relating to USI. On July 1, 2019, the Charter School entered into a new five-year agreement with USI terminating on June 30, 2024. This new agreement adjusts the service fee calculation to equate to 13.5% of the sum of recurring public revenue less facilities expenses.

The Charter School leases its Rochester Prep Middle School facilities from True North Rochester Real Estate LLC, a wholly-owned subsidiary of USI (Brooks Avenue location). The lease agreement expired in July 2011 and is renewable in four successive periods of five years. Rent for this lease is calculated based on a formula of certain expenses of the landlord. The Charter School is currently leasing the property on a month to month basis.

The Charter School leases its Rochester Prep Elementary School facilities from True North Rochester Real Estate Ames Street, LLC, a wholly-owned subsidiary of USI (Jay Street location). A new lease agreement was negotiated in March 2016. The lease agreement expires in August 2022, but will terminate if the Charter School’s charter is not renewed. Rent for this lease was initially approximately \$28,300 per month for the initial four months and then decreased to a monthly rate of \$23,268 until the termination of the lease. The Charter School is also responsible for all other expenses relating to the property and must remain in compliance with a certain financial covenant. The lease contains a purchase option whereby the Charter School can purchase the property at any time during the lease term at a purchase price equal to the aggregate outstanding principal amount, and accrued and unpaid interest on all security documents as of the date the Charter School sends the election notice to the landlord.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

Effective February 18, 2016, the Charter School began leasing space for its Rochester Prep – West Campus Middle School from Rochester Chili Avenue, LLC, a wholly-owned subsidiary of USI. The agreement requires the School remain in compliance with a financial covenant and expires in August 2022. The Charter School is responsible for all other expenses related to the property. Required monthly payments under the agreement were \$32,894 beginning on May 1, 2016 through June 30, 2016 and then decreased to \$20,394 for the remaining term. The lease contains a purchase option whereby the Charter School can purchase the property at any time during the lease term at a purchase price equal to the aggregate outstanding principal amount, and accrued and unpaid interest on all security documents as of the date the Charter School sends the election notice to the landlord.

Effective July 1, 2016, the Charter School began leasing space for its second Rochester Prep Elementary School and its Rochester Prep – West Campus Elementary School from True North St. Jacob Street, LLC, a wholly-owned subsidiary of USI. The agreement will require the School remain in compliance with a financial covenant and expires in July 2021. The Charter School is responsible for all other expenses related to the property. Required payments vary over the term of the lease ranging from \$10,238 to \$11,190. The lease contains a purchase option whereby the Charter School can purchase the property at any time during the lease term at a purchase price equal to the aggregate outstanding principal amount, and accrued and unpaid interest on all security documents as of the date the Charter School sends the election notice to the landlord.

Effective October 1, 2016, the Charter School began leasing space for a future location of its West Campus Elementary School from True North Andrews Street, LLC, a wholly owned subsidiary of USI. The agreement requires the School remain in compliance with a financial covenant and expires in July 1, 2021. The Charter School is responsible for all other expenses related to the property. Payments under the agreement are \$10,033 from October 1, 2016 through June 1, 2017 then decreasing to monthly payments ranging from \$7,684 to \$8,396 through July 1, 2021. The lease contains a purchase option whereby the Charter School can purchase the property at any time during the lease term at a purchase price equal to the aggregate outstanding principal amount, and accrued and unpaid interest on all security documents as of the date the Charter School sends the election notice to the landlord.

At June 30, 2019 and 2018, the Charter School was in compliance with its financial covenants referred to above.

During 2019, the Charter School advanced \$3,000,000 to USI in connection with the development of a property to be leased to the Charter School. The loan carries an interest rate of 2.5% and matures on the earlier of January 31, 2020 or within ten days of USI or the related realty company obtaining financing from a bank. If repayment does not occur by the maturity date, the Charter School has the right to offset management fees owed to USI under their management agreement. The amount outstanding, including accrued interest, at June 30, 2019 is approximately \$3,024,000.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

Effective June 1, 2017, the Charter School amended its leases with True North St. Jacob Street, LLC and True North Andrews Street, LLC to include a commitment to advance \$374,089 and \$475,000, to each of the sites respectively. These commitments will be used to fund construction at the sites in preparation for the occupancy by the Charter School. As of June 30, 2017, the full amount of these payments had been made or accrued and they were included in part as construction in progress and as of June 30, 2018 and 2019, the amounts are included as leasehold improvements in Note F.

Effective August 24, 2018, the Charter School amended its leases with True North St. Jacob Street, LLC and True North Andrews Street, LLC to include additional commitments to advance \$200,000 and \$191,895, to each of the sites respectively. These commitments will be used to fund continued construction and renovations at the sites. As of June 30, 2018, the full amount of these payments had been made or accrued and they were included in part as construction in progress and as of June 30, 2019, the amounts are included as leasehold improvements in Note F.

Including certain expenses, rent expense incurred for the years ended June 30, 2019 and 2018 relating to the above leases was approximately \$810,000 and \$794,000, respectively.

The future minimum lease payments for the Charter School to related parties are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 752,100
2021	759,000
2022	543,900
2023	87,300
	<u>\$ 2,142,300</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE C: LIQUIDITY AND AVAILABILITY

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

	<u>Amount</u>
Cash	\$ 3,711,363
Investments	5,100,020
Grants and contracts receivable	1,309,610
Accounts receivable	1,207,514
Note receivable - related party	<u>3,024,375</u>
	<u>\$ 14,352,882</u>

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 balanced 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 and shows positive cash generated by operations for fiscal year 2019.

NOTE D: SCHOOL FACILITY

The Charter School leased space from the Rochester City School District for its high school (Martin Street location). The lease was renewable in one year extensions through June 2019. Rent expense was \$96,534 for the year ended June 30, 2018, due to the Charter School terminating the lease in December 2017. There was no rent expense related to this lease during the year ended June 30, 2019.

Effective December 21, 2017, the Charter School leases space from 1001 Lake Ave LLC for its high school. The lease term is from January 1, 2018 through July 31, 2019. Rent expense was \$343,890 and \$171,945 for the years ended June 30, 2019 and 2018, respectively, which was payable in monthly installments of \$28,658.

Effective June 12, 2019, the Charter School signed an agreement for a new location at 400 Andrews Street in Rochester, NY. The term of this lease ends on June 12, 2021 and requires monthly payments of \$2,300 with a total of \$27,600 and \$25,300 being due in the fiscal years ending June 30, 2020 and 2021, respectively.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE E: FAIR VALUE MEASUREMENTS

Accounting principles establishes a frame work for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Charter School are actively traded open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to report their daily net asset value and to transact at that price.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE E: FAIR VALUE MEASUREMENTS, Cont'd

The following table sets forth by level, within the fair value hierarchy, the Charter School's assets at fair value as of June 30, 2019:

<u>June 30, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Money market funds	\$ 5,100,020	\$ -	\$ -	\$ 5,100,020
Total assets at fair value	<u>\$ 5,100,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,100,020</u>

NOTE F: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Year Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 594,500	\$ 516,638
Computer equipment and software	3,319,249	2,687,518
Leasehold improvements	5,524,482	3,604,031
Construction in process	<u>105,549</u>	<u>943,492</u>
	9,543,780	7,751,679
Less accumulated depreciation and amortization	<u>5,650,312</u>	<u>4,058,226</u>
	<u>\$ 3,893,468</u>	<u>\$ 3,693,453</u>

Construction in progress as of June 30, 2018 consists of costs related to two new locations that the Charter School moved into during the 2019 fiscal year and the amounts were transferred to leasehold improvements. No depreciation was taken on these assets until they were placed into service. Construction in progress at June 30, 2019 consists of costs related to multiple small improvements projects. No depreciation will be taken until these assets are placed in service.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE G: COMMITMENTS

The Charter School leases office equipment under non-cancelable lease agreements expiring at various dates through November 2023. The approximate future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 426,000
2021	334,000
2022	157,000
2023	61,000
2024	<u>24,000</u>
	<u>\$ 1,002,000</u>

NOTE H: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering most employees. For employees who have less than 2 years of service, the Charter School matches employees' contributions up to the lesser of 3% of gross payroll or \$3,500. For employees who have 2 to 3 years of service, the Charter School will match up to the lesser of 4% of gross payroll or \$4,000. For employees who have 4 years of service or more, the Charter School will match up to the lesser of 5% of gross payroll or \$5,000. The Charter School's total contribution to the Plan for the years ended June 30, 2019 and 2018 approximated \$320,000 and \$290,000, respectively.

NOTE I: 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 J: CONCENTRATIONS

At June 30, 2019 and 2018, approximately 24% and 36%, respectively, of receivables are due from New York State, and 1% and 34%, respectively, of accounts receivable are due from the Rochester City School District.

During the years ended June 30, 2019 and 2018, 89% and 84%, respectively, of total revenue, gains and other support came from per-pupil funding provided by New York State through the school districts in which the students reside. The per-pupil rate is set annually by the state based on the school district in which the Charter School's students are located.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2019

(With Comparative Totals for 2018)

NOTE K: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Undesignated	\$ 13,459,914	\$ 9,118,486
Invested in property and equipment	<u>3,893,468</u>	<u>3,693,453</u>
	<u>\$ 17,353,382</u>	<u>\$ 12,811,939</u>

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.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
True North Rochester Preparatory Charter School

We have audited the financial statements of True North Rochester Preparatory Charter School as of and for the year ended June 30, 2019, and we have issued our report thereon dated October 24, 2019, which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The 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 for the year ended June 30, 2019, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 24, 2019

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

SCHEDULE OF ROCHESTER PREP, WEST CAMPUS AND ROCHESTER PREP SCHOOL 3 ACTIVITIES

YEAR ENDED JUNE 30, 2019

	<u>Rochester Prep</u>	<u>West Campus</u>	<u>Rochester Prep School 3</u>	<u>Total</u>
Revenue, gains and other support:				
Public school district				
Resident student enrollment	\$ 16,138,894	\$ 11,195,356	\$ 3,592,751	\$ 30,927,001
Students with disabilities	703,260	302,466	33,931	1,039,657
Grants and contracts				
State and Local	-	-	-	-
Federal - Title and IDEA	674,021	503,754	142,610	1,320,385
Federal - Other	311,949	69,588	23,821	405,358
Food service/child nutrition program	1,232,432	900,692	106,846	2,239,970
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>19,060,556</u>	<u>12,971,856</u>	<u>3,899,959</u>	<u>35,932,371</u>
Personnel services costs:				
Administrative staff personnel	2,478,125	1,523,687	479,129	4,480,941
Instructional personnel	5,018,012	3,516,564	1,229,826	9,764,402
Non-instructional personnel	33,197	27,219	-	60,416
TOTAL STAFF AND SALARIES	<u>7,529,334</u>	<u>5,067,470</u>	<u>1,708,955</u>	<u>14,305,759</u>
Fringe benefits and payroll taxes	1,481,684	1,094,007	277,328	2,853,019
Retirement	157,775	132,058	30,549	320,382
Management fees	1,458,048	992,682	376,841	2,827,571
Legal service	25,346	6,724	3,360	35,430
Accounting and audit services	23,018	15,348	7,670	46,036
Other professional and consulting services	471,508	225,223	94,320	791,051
Building and land rent	594,874	416,153	142,370	1,153,397
Repairs and maintenance	524,339	336,803	201,068	1,062,210
Insurance	154,015	102,680	51,335	308,030
Utilities	288,949	166,300	50,882	506,131
Supplies and materials	225,793	171,880	47,349	445,022
Equipment/Furnishings	49,147	22,404	19,450	91,001
Professional development	518,561	246,509	97,094	862,164
Marketing and recruitment	28,445	21,146	9,418	59,009
Technology	251,162	169,352	81,100	501,614
Food service	938,656	634,476	220,526	1,793,658
Student services	769,249	507,895	85,320	1,362,464
Office expense	547,754	254,547	97,453	899,754
Depreciation and amortization	546,115	615,090	430,880	1,592,085
Other	31,374	40,699	5,223	77,296
TOTAL EXPENSES	<u>16,615,146</u>	<u>11,239,446</u>	<u>4,038,491</u>	<u>31,893,083</u>
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	<u>2,445,410</u>	<u>1,732,410</u>	<u>(138,532)</u>	<u>4,039,288</u>
Support and other revenue:				
Contributions:				
Foundations	187,917	1,536	120,743	310,196
Corporations	115,000	-	-	115,000
Miscellaneous income	35,449	40,801	709	76,959
TOTAL SUPPORT AND OTHER REVENUE	<u>338,366</u>	<u>42,337</u>	<u>121,452</u>	<u>502,155</u>
CHANGE IN NET ASSETS	<u>\$ 2,783,776</u>	<u>\$ 1,774,747</u>	<u>\$ (17,080)</u>	<u>\$ 4,541,443</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

SCHEDULE OF ELEMENTARY SCHOOL, MIDDLE SCHOOL, AND HIGH SCHOOL ACTIVITIES BY CHARTER

YEAR ENDED JUNE 30, 2019

	West Campus			Rochester Prep				Rochester Prep School 3	
	Middle School	Elementary School	Total	High School	Middle School	Elementary School	Total	Elementary School	Total
Revenue, gains and other support									
Public school district									
Resident student enrollment	\$ 5,186,652	\$ 6,008,704	\$ 11,195,356	\$ 5,256,054	\$ 5,068,016	\$ 5,814,824	\$ 16,138,894	\$ 3,592,751	\$ 30,927,001
Students with disabilities	261,205	41,261	302,466	186,886	353,669	162,705	703,260	33,931	1,039,657
Grants and contracts									
State and Local	-	-	-	-	-	-	-	-	-
Federal - Title and IDEA	57,551	446,203	503,754	246,604	102,507	324,910	674,021	142,610	1,320,385
Federal - Other	43,404	26,184	69,588	224,686	42,853	44,410	311,949	23,821	405,358
Food service/child nutrition program	428,954	471,738	900,692	251,997	443,738	536,697	1,232,432	106,846	2,239,970
TOTAL REVENUE, GAINS AND OTHER SUPPORT	5,977,766	6,994,090	12,971,856	6,166,227	6,010,783	6,883,546	19,060,556	3,899,959	35,932,371
Personnel services costs:									
Administrative staff personnel	698,966	824,721	1,523,687	821,723	618,588	1,037,814	2,478,125	479,129	4,480,941
Instructional personnel	1,418,151	2,098,413	3,516,564	1,782,070	1,404,280	1,831,662	5,018,012	1,229,826	9,764,402
Non-instructional personnel	-	27,219	27,219	-	33,197	-	33,197	-	60,416
TOTAL STAFF AND SALARIES	2,117,117	2,950,353	5,067,470	2,603,793	2,056,065	2,869,476	7,529,334	1,708,955	14,305,759
Fringe benefits and payroll taxes	438,979	655,028	1,094,007	489,475	389,281	602,928	1,481,684	277,328	2,853,019
Retirement	53,709	78,349	132,058	52,232	35,580	69,963	157,775	30,549	320,382
Management fees	440,433	552,249	992,682	511,924	441,935	504,189	1,458,048	376,841	2,827,571
Legal service	3,362	3,362	6,724	18,622	3,362	3,362	25,346	3,360	35,430
Accounting and audit services	7,674	7,674	15,348	7,670	7,674	7,674	23,018	7,670	46,036
Other professional and consulting services	101,490	123,733	225,223	242,877	105,607	123,024	471,508	94,320	791,051
Building and land rent	183,643	232,510	416,153	188,265	179,557	227,052	594,874	142,370	1,153,397
Repairs and maintenance	183,371	153,432	336,803	40,059	230,493	253,787	524,339	201,068	1,062,210
Insurance	51,340	51,340	102,680	51,335	51,340	51,340	154,015	51,335	308,030
Utilities	87,861	78,439	166,300	97,175	119,315	72,459	288,949	50,882	506,131
Supplies and materials	74,076	97,804	171,880	103,461	61,892	60,440	225,793	47,349	445,022
Equipment/Furnishings	1,880	20,524	22,404	27,382	14,193	7,572	49,147	19,450	91,001
Professional development	130,561	115,948	246,509	231,823	122,956	163,782	518,561	97,094	862,164
Marketing and recruitment	9,672	11,474	21,146	9,172	10,218	9,055	28,445	9,418	59,009
Technology	97,198	72,154	169,352	106,870	64,792	79,500	251,162	81,100	501,614
Food service	253,265	381,211	634,476	249,120	330,308	359,228	938,656	220,526	1,793,658
Student services	337,987	169,908	507,895	354,636	229,741	184,872	769,249	85,320	1,362,464
Office expense	118,275	136,272	254,547	171,142	144,068	232,544	547,754	97,453	899,754
Depreciation and amortization	181,487	433,603	615,090	163,141	167,985	214,989	546,115	430,880	1,592,085
Other	5,592	35,107	40,699	9,787	20,385	1,202	31,374	5,223	77,296
TOTAL EXPENSES	4,878,972	6,360,474	11,239,446	5,729,961	4,786,747	6,098,438	16,615,146	4,038,491	31,893,083
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	1,098,794	633,616	1,732,410	436,266	1,224,036	785,108	2,445,410	(138,532)	4,039,288
Support and other revenue:									
Contributions:									
Foundations	768	768	1,536	36,381	768	150,768	187,917	120,743	310,196
Corporations	-	-	-	115,000	-	-	115,000	-	115,000
Miscellaneous income	10,754	30,047	40,801	709	27,346	7,394	35,449	709	76,959
TOTAL SUPPORT AND OTHER REVENUE	11,522	30,815	42,337	152,090	28,114	158,162	338,366	121,452	502,155
CHANGE IN NET ASSETS	\$ 1,110,316	\$ 664,431	\$ 1,774,747	\$ 588,356	\$ 1,252,150	\$ 943,270	\$ 2,783,776	\$ (17,080)	\$ 4,541,443

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES – WEST CAMPUS

	June 30,						
	2019						2018
	No. of Positions	Program Services			Support Services		Total
Regular education		Special education	Total	Management and General	Total		
Personnel services costs:							
Administrative staff personnel	17	\$ 1,070,431	\$ 33,106	\$ 1,103,537	\$ 420,150	\$ 1,523,687	\$ 1,460,261
Instructional personnel	70	3,411,067	105,497	3,516,564	-	3,516,564	3,488,966
Non-instructional personnel	2	-	-	-	27,219	27,219	79,595
Total salaries and staff	89	4,481,498	138,603	4,620,101	447,369	5,067,470	5,028,822
Fringe benefits and payroll taxes		956,414	29,580	985,994	108,013	1,094,007	1,009,659
Retirement		128,096	3,962	132,058	-	132,058	111,739
Management fees		818,467	25,313	843,780	148,902	992,682	963,157
Legal service		-	-	-	6,724	6,724	9,884
Accounting and audit services		-	-	-	15,348	15,348	15,236
Other professional and consulting services		191,134	5,911	197,045	28,178	225,223	202,672
Building and land rent		403,668	12,485	416,153	-	416,153	425,504
Repairs and maintenance		326,699	10,104	336,803	-	336,803	283,655
Insurance		-	-	-	102,680	102,680	141,046
Utilities		135,769	4,199	139,968	26,332	166,300	170,598
Supplies and materials		166,724	5,156	171,880	-	171,880	192,600
Equipment/Furnishings		15,796	489	16,285	6,119	22,404	30,696
Professional development		239,114	7,395	246,509	-	246,509	352,357
Marketing and recruitment		20,512	634	21,146	-	21,146	35,316
Technology		100,464	3,107	103,571	65,781	169,352	156,218
Food service		615,442	19,034	634,476	-	634,476	650,652
Student services		492,658	15,237	507,895	-	507,895	427,673
Office expense		122,655	3,793	126,448	128,099	254,547	254,608
Depreciation and amortization		593,599	18,359	611,958	3,132	615,090	297,855
Other		-	-	-	40,699	40,699	6,502
		<u>\$ 9,808,709</u>	<u>\$ 303,361</u>	<u>\$ 10,112,070</u>	<u>\$ 1,127,376</u>	<u>\$ 11,239,446</u>	<u>\$ 10,766,449</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP

	No. of Positions	June 30,					2018 Total
		2019					
		Program Services		Support Services			
	Regular education	Special education	Total	Management and General	Total		
Personnel services costs:							
Administrative staff personnel	29	\$ 1,823,648	\$ 75,985	\$ 1,899,633	\$ 578,492	\$ 2,478,125	\$ 2,299,126
Instructional personnel	110	4,817,292	200,720	5,018,012	-	5,018,012	4,671,076
Non-instructional personnel	1	-	-	-	33,197	33,197	36,396
Total salaries and staff	140	6,640,940	276,705	6,917,645	611,689	7,529,334	7,006,598
Fringe benefits and payroll taxes		1,295,012	53,959	1,348,971	132,713	1,481,684	1,252,370
Retirement		151,464	6,311	157,775	-	157,775	150,337
Management fees		1,189,767	49,574	1,239,341	218,707	1,458,048	1,290,845
Legal service		-	-	-	25,346	25,346	21,010
Accounting and audit services		-	-	-	23,018	23,018	22,457
Other professional and consulting services		410,629	17,110	427,739	43,769	471,508	624,008
Building and land rent		571,079	23,795	594,874	-	594,874	542,549
Repairs and maintenance		503,365	20,974	524,339	-	524,339	527,629
Insurance		-	-	-	154,015	154,015	167,924
Utilities		160,108	6,671	166,779	122,170	288,949	236,027
Supplies and materials		216,761	9,032	225,793	-	225,793	198,137
Equipment/Furnishings		25,170	1,049	26,219	22,928	49,147	21,551
Professional development		497,819	20,742	518,561	-	518,561	537,242
Marketing and recruitment		27,307	1,138	28,445	-	28,445	45,202
Technology		171,093	7,129	178,222	72,940	251,162	370,343
Food service		901,110	37,546	938,656	-	938,656	882,315
Student services		738,479	30,770	769,249	-	769,249	834,530
Office expense		267,092	11,129	278,221	269,533	547,754	507,169
Depreciation and amortization		520,555	21,690	542,245	3,870	546,115	519,485
Other		-	-	-	31,374	31,374	50,080
		<u>\$ 14,287,750</u>	<u>\$ 595,324</u>	<u>\$ 14,883,074</u>	<u>\$ 1,732,072</u>	<u>\$ 16,615,146</u>	<u>\$ 15,807,808</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP SCHOOL 3

	June 30,						
	2019						2018
	No. of Positions	Program Services			Support Services		Total
Regular education		Special education	Total	Management and General	Total		
Personnel services costs:							
Administrative staff personnel	4	\$ 271,298	\$ 2,740	\$ 274,038	\$ 205,091	\$ 479,129	\$ 479,635
Instructional personnel	26	1,217,528	12,298	1,229,826	-	1,229,826	769,479
Non-instructional personnel	-	-	-	-	-	-	5,122
Total salaries and staff	30	1,488,826	15,038	1,503,864	205,091	1,708,955	1,254,236
Fringe benefits and payroll taxes		237,983	2,404	240,387	36,941	277,328	175,868
Retirement		30,244	305	30,549	-	30,549	28,263
Management fees		317,112	3,203	320,315	56,526	376,841	249,476
Legal service		-	-	-	3,360	3,360	4,625
Accounting and audit services		-	-	-	7,670	7,670	6,871
Other professional and consulting services		84,688	855	85,543	8,777	94,320	72,053
Building and land rent		140,946	1,424	142,370	-	142,370	94,649
Repairs and maintenance		199,057	2,011	201,068	-	201,068	155,961
Insurance		-	-	-	51,335	51,335	55,970
Utilities		34,821	352	35,173	15,709	50,882	33,908
Supplies and materials		46,876	473	47,349	-	47,349	85,701
Equipment/Furnishings		12,657	128	12,785	6,665	19,450	11,484
Professional development		96,123	971	97,094	-	97,094	95,181
Marketing and recruitment		9,324	94	9,418	-	9,418	18,221
Technology		59,587	602	60,189	20,911	81,100	64,485
Food service		218,321	2,205	220,526	-	220,526	147,980
Student services		84,467	853	85,320	-	85,320	48,391
Office expense		33,498	338	33,836	63,617	97,453	76,981
Depreciation and amortization		422,374	4,266	426,640	4,240	430,880	299,739
Other		-	-	-	5,223	5,223	1,302
		<u>\$ 3,516,904</u>	<u>\$ 35,522</u>	<u>\$ 3,552,426</u>	<u>\$ 486,065</u>	<u>\$ 4,038,491</u>	<u>\$ 2,981,345</u>