

**TRUE NORTH ROCHESTER PREPARATORY
CHARTER SCHOOL**

ROCHESTER, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021

(With Comparative Totals for 2020)



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, 2021, 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, 2021, 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, 2020 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 20, 2021 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 20, 2021

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021
(With Comparative Totals for 2020)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 2,006,393	\$ 5,536,325
Money market funds	8,700,128	9,694,836
Grants and contracts receivable	3,306,457	1,276,267
Accounts receivable	914,198	640,632
Prepaid expenses and other current assets	958,029	403,909
TOTAL CURRENT ASSETS	15,885,205	17,551,969
<u>PROPERTY AND EQUIPMENT</u> , net of accumulated depreciation of \$9,491,899 and \$7,258,346, respectively	6,353,143	6,304,907
<u>MONEY MARKET FUNDS - DESIGNATED FOR CAPITAL PROJECTS</u>	9,000,000	-
<u>ESCROW ACCOUNT</u>	240,105	240,001
TOTAL ASSETS	<u>\$ 31,478,453</u>	<u>\$ 24,096,877</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,908,226	\$ 1,096,881
Deferred revenue	-	236,983
TOTAL LIABILITIES	1,908,226	1,333,864
<u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	20,570,227	22,763,013
Designated for capital projects	9,000,000	-
TOTAL NET ASSETS	<u>29,570,227</u>	<u>22,763,013</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,478,453</u>	<u>\$ 24,096,877</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, 2021
(With Comparative Totals for 2020)

	<u>Year ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenue, gains and other support:		
Public school district		
Resident student enrollment	\$ 35,334,434	\$ 33,231,198
Students with disabilities	1,231,654	1,090,520
Grants and contracts:		
Federal - Title and IDEA	2,119,318	1,414,917
Federal - Other	1,503,887	457,324
Food service/child nutrition program	650,657	1,719,634
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>40,839,950</u>	<u>37,913,593</u>
Expenses:		
Program services:		
Regular education	29,439,755	28,757,590
Special education	1,078,460	899,290
TOTAL PROGRAM SERVICES	<u>30,518,215</u>	<u>29,656,880</u>
Management and general	4,293,609	3,911,106
TOTAL OPERATING EXPENSES	<u>34,811,824</u>	<u>33,567,986</u>
SURPLUS FROM SCHOOL OPERATIONS	6,028,126	4,345,607
Support and other revenue:		
Contributions:		
Foundations	755,192	881,893
Miscellaneous income	23,896	182,131
TOTAL SUPPORT AND OTHER REVENUE	<u>779,088</u>	<u>1,064,024</u>
CHANGE IN NET ASSETS	6,807,214	5,409,631
Net assets without donor restrictions at beginning of year	<u>22,763,013</u>	<u>17,353,382</u>
NET ASSETS AT END OF YEAR	<u>\$ 29,570,227</u>	<u>\$ 22,763,013</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, 2021
(With Comparative Totals for 2020)

		June 30,					
		2021					2020
		Program Services			Support Services		
	No. of Positions	Regular education	Special education	Total	Management and General	Total	Total
Personnel services costs:							
Administrative staff personnel	61	\$ 3,728,715	\$ 140,033	\$ 3,868,748	\$ 1,503,018	\$ 5,371,766	\$ 4,870,487
Instructional personnel	225	10,776,718	391,313	11,168,031	-	11,168,031	10,353,528
Non-instructional personnel	3	52,250	2,750	55,000	71,708	126,708	100,074
Total salaries and staff	289	14,557,683	534,096	15,091,779	1,574,726	16,666,505	15,324,089
Fringe benefits and payroll taxes		2,789,059	101,664	2,890,723	341,148	3,231,871	2,747,993
Retirement		345,533	13,020	358,553	-	358,553	305,704
Management fees		4,057,267	147,460	4,204,727	742,009	4,946,736	4,502,285
Legal service		-	-	-	76,261	76,261	37,600
Accounting and audit services		-	-	-	62,652	62,652	61,240
Other professional and consulting services		541,886	20,247	562,133	96,428	658,561	874,249
Building and land rent		574,604	20,846	595,450	-	595,450	788,980
Repairs and maintenance		1,142,715	43,278	1,185,993	-	1,185,993	1,186,261
Insurance		-	-	-	390,114	390,114	377,358
Utilities		225,250	8,327	233,577	260,517	494,094	414,939
Supplies and materials		358,175	12,325	370,500	-	370,500	487,544
Equipment/Furnishings		26,829	806	27,635	25,679	53,314	75,535
Professional development		573,160	21,146	594,306	-	594,306	862,297
Marketing and recruitment		33,309	1,208	34,517	-	34,517	71,293
Technology		481,720	16,248	497,968	145,843	643,811	407,765
Food service		771,477	28,111	799,588	-	799,588	1,383,965
Student services		345,080	13,897	358,977	-	358,977	1,005,278
Office expense		470,312	19,602	489,914	471,829	961,743	936,252
Depreciation and amortization		2,145,696	76,179	2,221,875	11,678	2,233,553	1,608,034
Other		-	-	-	94,725	94,725	109,325
		\$ 29,439,755	\$ 1,078,460	\$ 30,518,215	\$ 4,293,609	\$ 34,811,824	\$ 33,567,986

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, 2021
(With Comparative Totals for 2020)

	June 30,	
	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 6,807,214	\$ 5,409,631
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	2,233,553	1,608,034
Bad debt expense	26,770	30,445
Changes in certain assets and liabilities affecting operations:		
Accounts receivable	(300,336)	536,437
Grants and other receivables	(2,030,190)	33,343
Prepaid expenses and other current assets	(554,120)	245,701
Accounts payable and accrued expenses	811,345	(683,954)
Deferred revenue	(236,983)	236,983
NET CASH PROVIDED FROM OPERATING ACTIVITIES	6,757,253	7,416,620
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(2,281,789)	(4,019,473)
Purchases of money market funds	(8,005,292)	(4,594,816)
Decrease in note receivable - related party	-	3,024,375
NET CASH USED FOR INVESTING ACTIVITIES	(10,287,081)	(5,589,914)
NET (DECREASE) INCREASE IN CASH AND ESCROW ACCOUNT	(3,529,828)	1,826,706
Cash and escrow account at beginning of year	5,776,326	3,949,620
CASH AND ESCROW ACCOUNT AT END OF YEAR	<u>\$ 2,246,498</u>	<u>\$ 5,776,326</u>
Reconciliation of cash and cash in escrow account reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 2,006,393	\$ 5,536,325
Escrow account	240,105	240,001
Total cash and escrow account shown in the statement of cash flows	<u>\$ 2,246,498</u>	<u>\$ 5,776,326</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(With Comparative Totals for 2020)

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. On October 6, 2020 the Charter School was granted a five year renewal for all schools through July 21, 2026.

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.

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, 2021 and 2020.

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 recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Charter School’s public school district resident student enrollment and student with disabilities revenue qualifies as exchange transactions and the revenues are recognized over time.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

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

Public school district revenue

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

The following table summarizes accounts receivable from educational programming at their respective statement of financial position dates:

	June 30,		
	2021	2020	2019
Accounts receivable	\$ 914,198	\$ 458,815	\$ 968,297

Contributions

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

Contributions 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.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

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

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There were no amounts related to deferred revenue at June 30, 2021 and 2020. The Charter School typically fully expends their grants within the fiscal year with only minor amounts carrying forward to future periods.

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.

Cash management

The cash management program is 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, as of June 30, 2021 and 2020, all funds are held in money market funds. 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.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

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

Grants, contracts and accounts 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, 2021 or 2020.

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.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

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, 2018 through June 30, 2021 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.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

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

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, 2020

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, 2020, from which the summarized information was derived.

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.

New accounting pronouncements

Leases

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

Gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kind recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and will be applied on a retrospective basis. The Charter School is currently evaluating the provisions of this update to determine the impact it will have on the Charter School's financial statements.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

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

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 20, 2021, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted except as disclosed in Note N.

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. In the most recently amended agreement dated July 1, 2019, the Charter School agreed to a five-year term which is renewable yearly following the initial term. Under the agreement, the Charter School pays USI a service fee of 13.5% of all recurring public revenue less facilities expenses for all schools. Recurring public revenue is defined as annual public entitlement aid including core and tuition which includes general, SPED and State special funding and all ESSA funding which includes Title I, Title IIA, IID, III, IV, V and IDEA funding. Facilities expense includes building expenses (leases, taxes), utilities, maintenance and furniture and fixtures, and excludes building related expenditures which are capitalized and amortized/depreciated.

The fee incurred for the years ended June 30, 2021 and 2020 was \$4,946,736 and \$4,502,285, respectively. At June 30, 2021 and 2020, approximately \$86,300 and \$29,000, respectively, was included in accounts receivable relating to USI, primarily from grants passed through USI. At June 30, 2021 and 2020, approximately \$927,000 and \$574,600, respectively, was included in accounts payable related to this fee and other expenses incurred by USI on behalf of the Charter School, due to USI.

The Charter School leases its Rochester Prep Middle School facilities from True North Rochester Real Estate LLC, a wholly owned subsidiary of Rochester Prep Foundation which is an entity controlled by USI (Brooks Avenue location). The lease agreement expired in July 2011 and was renewable in four successive periods of five years. Rent for this lease was 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. At June 30, 2021 there was no receivable relating to True North Rochester Real Estate LLC. At June 30, 2020, approximately \$54,000, was included in accounts receivable relating to True North Rochester Real Estate LLC, for overpayments related to the Brooks Avenue location.

The Charter School leases its Rochester Prep Elementary School facilities from True North Rochester Real Estate Ames Street, LLC, a wholly-owned subsidiary of Rochester Prep Foundation which is an entity controlled by USI (Jay Street location). A new lease agreement was negotiated in March 2016. The lease agreement would have expired in August 2022 but would have terminated if the Charter School's charter was 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 was also responsible for all other expenses relating to the property and must remain in compliance with a certain financial covenant. The lease contained a purchase option whereby the Charter School could 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. This lease was replaced effective July 1, 2020 by a new lease agreement discussed later in this note.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

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 Rochester Prep Foundation which is an entity controlled by USI. The agreement required the School remain in compliance with a financial covenant and would have expired August 2022. The Charter School was 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 contained a purchase option whereby the Charter School could 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. This lease was replaced effective July 1, 2020 by a new lease agreement discussed later in this note.

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 Rochester Prep Foundation which is an entity controlled by USI. The agreement required the School remain in compliance with a financial covenant and would have expired in July 2021. The Charter School was 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 contained a purchase option whereby the Charter School could 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. This lease was replaced effective July 1, 2020 by a new lease agreement discussed later in this note.

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 Rochester Prep Foundation which is an entity controlled by USI. The agreement required the School remain in compliance with a financial covenant and would have expired July 1, 2021. The Charter School was responsible for all other expenses related to the property. Payments under the agreement were \$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 contained a purchase option whereby the Charter School could 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. This lease was replaced effective July 1, 2020 by a new lease agreement discussed later in this note.

At June 30, 2021 and 2020, the Charter School was in compliance with its financial covenants referred to above. Including certain expenses, rent expense incurred for the years ended June 30, 2021 and 2020 relating to the above leases was approximately \$722,979 and \$786,000, respectively.

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 carried an interest rate of 2.5% and matured on the earlier of January 31, 2020 or within ten days of USI or the related realty company obtaining financing from a bank. USI fully repaid the loan during the year ended June 30, 2020.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

During June 2020, the Charter School amended its lease with True North Andrews Street, LLC to include additional commitments to advance \$393,000 and \$3,000,000, to the site. This commitment will be used to fund continued construction and renovations at the site. As of June 30, 2021 and 2020, the full amount of these payments had been made or accrued and they were included in part as construction in progress or leasehold improvements.

Effective July 1, 2020, the Charter School amended its lease with True North Andrews Street, LLC to include an additional commitment to advance \$550,000, to the site. This commitment will be used to fund continued construction and renovations at the site. This commitment remains outstanding at June 30, 2021 and 2020.

Effective July 1, 2020, the Charter School entered into new lease agreements with True North St. Jacob Street, LLC, True North Real Estate Ames Street, LLC, True North Rochester Mark Street, LLC, Rochester Chili Avenue, LLC, and True North Andrews Street, LLC. The new lease agreements replace the existing agreements, have a start date of July 1, 2020 and have a forty-year term, expiring on June 30, 2060. Two five-year extensions are available upon expiration of the initial term. As part of a bond financing arrangement, True North St. Jacob Street, LLC, True North Real Estate Ames Street, LLC, True North Rochester Mark Street, LLC, Rochester Chili Avenue, LLC, and True North Andrews Street, LLC assigned the leases and the related cash flows to Monroe County Industrial Development Corporation who also holds a mortgage on the properties. Further, the lease agreements do contain both financial and non-financial covenants which must be met by the Charter School. Bond proceeds of approximately \$30,000,000 were utilized for the acquisition of a new facility to house the high school as well as for renovations to this property and existing properties.

The Charter School was granted a purchase option in the new lease agreements which is calculated as 87.25% of all remaining rental payments discounted to the present value using a rate of 2.93%. The intent of the calculation, as acknowledged by all parties, is to have the price of the purchase option approximate the outstanding principal of the bond. All related expenditures of the bond settlement and other expenses related to the properties would also be added to the purchase price.

Required monthly payments are summarized below:

	July 2021 through May 2022		June 2022 through June 2060
True North Jacobs Street, LLC	\$ 6,241		\$ 7,565
True North Rochester Real Estate Ames Street, LLC	11,914		14,442
True North Rochester Mark Street, LLC	100,103	*	121,551
Rochester Chili Avenue, LLC	9,220		11,175
True North Andrews Street, LLC	14,184		17,193
Total required monthly payment	<u>\$ 141,662</u>		<u>\$ 171,926</u>

* - no payments are required until August 2021

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

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>
2022	\$ 1,630,100
2023	2,063,100
2024	2,063,100
2025	2,063,100
2026	2,063,100
Thereafter	<u>70,145,400</u>
	<u>\$ 80,027,900</u>

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:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 2,006,393	\$ 5,536,325
Money market funds	8,700,128	9,694,836
Grants and contracts receivable	3,306,457	1,276,267
Accounts receivable	<u>914,198</u>	<u>640,632</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 14,927,176</u>	<u>\$ 17,148,060</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 years 2021 and 2020.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE D: SCHOOL FACILITY

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 ended on June 12, 2021. Rent expense was approximately \$28,000 during the years ended June 30, 2021 and 2020.

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, 2021 or 2020.

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.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE E: FAIR VALUE MEASUREMENTS, Cont'd

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.

The following table sets forth by level, within the fair value hierarchy, the Charter School's assets at fair value as of June 30, 2021 and 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2021</u>				
Mutual funds:				
Money market funds	\$ 8,700,128	\$ -	\$ -	\$ 8,700,128
Money makket funds designated for capital projects	<u>9,000,000</u>	<u>-</u>	<u>-</u>	<u>9,000,000</u>
Total assets at fair value	<u>\$ 17,700,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,700,128</u>
 <u>June 30, 2020</u>				
Mutual funds:				
Money market funds	\$ 9,694,836	\$ -	\$ -	\$ 9,694,836
Total assets at fair value	<u>\$ 9,694,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,694,836</u>

NOTE F: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Year Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 730,183	\$ 669,029
Computer equipment and software	5,351,296	3,822,879
Leasehold improvements	9,665,023	5,618,310
Construction in process	<u>98,540</u>	<u>3,453,034</u>
	15,845,042	13,563,252
Less accumulated depreciation and amortization	<u>9,491,899</u>	<u>7,258,345</u>
	<u>\$ 6,353,143</u>	<u>\$ 6,304,907</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE F: PROPERTY AND EQUIPMENT, Cont'd

Construction in progress at June 30, 2020 consists of costs related to leasehold improvements at the Andrews Street site and multiple small improvements projects. No depreciation was taken until these assets are placed in service. Construction in progress at June 30, 2021 consists of costs related to multiple small improvement projects. No depreciation will be taken until these assets are placed in service.

NOTE G: COMMITMENTS

The Charter School leases office equipment under non-cancelable lease agreements expiring at various dates through February 2026. The approximate future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 614,000
2023	513,000
2024	444,000
2025	160,000
2026	29,000
	<u>\$ 1,760,000</u>

NOTE H: RETIREMENT PLAN

The Charter School participates in a defined contribution 403(b) plan covering most employees through a USI plan. 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, 2021 and 2020 approximated \$359,000 and \$306,000, 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.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE J: CONCENTRATIONS

At June 30, 2021 and 2020, approximately 75% and 66%, respectively, of receivables are due from New York State. In addition at June 30, 2021, 19% of receivable are due from one school district.

During the years ended June 30, 2021 and 2020, 90% and 91%, 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.

NOTE K: NET ASSETS

Net assets are as follows:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Undesignated	\$ 14,217,084	\$ 16,458,106
Designated for capital projects	9,000,000	-
Invested in property and equipment	<u>6,353,143</u>	<u>6,304,907</u>
	<u>\$ 29,570,227</u>	<u>\$ 22,763,013</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

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE M: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized \$1,237,631 of revenue relative to ESSER grants during the year ended June 30, 2021.

NOTE N: ROCHESTER PREP MIDDLE SCHOOL

In August 2021, Rochester Prep Middle School (MS3) opened serving grade 5. By August 2024 the school will expand to serve grades 5-8.

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, 2021, and we have issued our report thereon dated October 20, 2021, which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2021 financial statements as a whole. The 2021 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2021 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 2021 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 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, 2021, as a whole.

We have also audited the financial statements of True North Rochester Preparatory Charter School as of and for the year ended June 30, 2020, and our report thereon dated October 23, 2020, expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2020 financial statements as a whole. The 2020 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2020 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 2020 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 2020 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, 2020, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 20, 2021

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

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

YEAR ENDED JUNE 30, 2021

	<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	\$ 17,597,599	\$ 11,521,762	\$ 6,215,073	\$ 35,334,434
Students with disabilities	865,089	214,949	151,616	1,231,654
Grants and contracts				
Federal - Title and IDEA	1,003,763	741,111	374,444	2,119,318
Federal - Other	803,714	466,514	233,659	1,503,887
Food service/child nutrition program	323,845	212,851	113,961	650,657
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	20,594,010	13,157,187	7,088,753	40,839,950
Personnel services costs:				
Administrative staff personnel	2,841,283	1,718,029	812,454	5,371,766
Instructional personnel	5,598,425	3,582,600	1,987,006	11,168,031
Non-instructional personnel	86,881	39,827	-	126,708
TOTAL STAFF AND SALARIES	8,526,589	5,340,456	2,799,460	16,666,505
Fringe benefits and payroll taxes	1,630,527	1,135,413	465,931	3,231,871
Retirement	194,973	115,661	47,919	358,553
Management fees	2,484,912	1,598,975	862,849	4,946,736
Legal service	22,790	35,091	18,380	76,261
Accounting and audit services	31,326	20,886	10,440	62,652
Other professional and consulting services	348,692	213,950	95,919	658,561
Building and land rent	297,904	195,887	101,659	595,450
Repairs and maintenance	651,910	330,653	203,430	1,185,993
Insurance	195,057	124,975	70,082	390,114
Utilities	274,324	153,994	65,776	494,094
Supplies and materials	163,839	130,912	75,749	370,500
Equipment/Furnishings	14,742	19,024	19,548	53,314
Professional development	308,657	183,158	102,491	594,306
Marketing and recruitment	17,259	11,508	5,750	34,517
Technology	282,384	207,722	153,705	643,811
Food service	403,978	236,770	158,840	799,588
Student services	223,921	116,315	18,741	358,977
Office expense	596,909	262,128	102,706	961,743
Depreciation and amortization	1,063,072	661,191	509,290	2,233,553
Other	51,430	24,222	19,073	94,725
TOTAL EXPENSES	17,785,195	11,118,891	5,907,738	34,811,824
SURPLUS FROM SCHOOL OPERATIONS	2,808,815	2,038,296	1,181,015	6,028,126
Support and other revenue:				
Contributions:				
Foundations	602,193	102,186	50,813	755,192
Miscellaneous income	7,183	16,182	531	23,896
TOTAL SUPPORT AND OTHER REVENUE	609,376	118,368	51,344	779,088
CHANGE IN NET ASSETS	\$ 3,418,191	\$ 2,156,664	\$ 1,232,359	\$ 6,807,214

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

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

YEAR ENDED JUNE 30, 2021

	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	\$ 5,131,121	\$ 6,390,641	\$ 11,521,762	\$ 6,105,651	\$ 5,196,909	\$ 6,295,039	\$ 17,597,599	\$ 6,215,073	\$ 35,334,434
Students with disabilities	160,675	54,274	214,949	274,735	422,291	168,063	865,089	151,616	1,231,654
Grants and contracts									
Federal - Title and IDEA	127,663	613,448	741,111	365,616	193,100	445,047	1,003,763	374,444	2,119,318
Federal - Other	261,735	204,779	466,514	223,028	279,098	301,588	803,714	233,659	1,503,887
Food service/child nutrition program	98,865	113,986	212,851	110,994	98,865	113,986	323,845	113,961	650,657
TOTAL REVENUE, GAINS AND OTHER SUPPORT	5,780,059	7,377,128	13,157,187	7,080,024	6,190,263	7,323,723	20,594,010	7,088,753	40,839,950
Personnel services costs:									
Administrative staff personnel	833,081	884,948	1,718,029	1,082,388	751,107	1,007,788	2,841,283	812,454	5,371,766
Instructional personnel	1,438,016	2,144,584	3,582,600	2,040,813	1,498,406	2,059,206	5,598,425	1,987,006	11,168,031
Non-instructional personnel	-	39,827	39,827	55,000	31,881	-	86,881	-	126,708
TOTAL STAFF AND SALARIES	2,271,097	3,069,359	5,340,456	3,178,201	2,281,394	3,066,994	8,526,589	2,799,460	16,666,505
Fringe benefits and payroll taxes	470,010	665,403	1,135,413	557,551	433,388	639,588	1,630,527	465,931	3,231,871
Retirement	46,007	69,654	115,661	82,756	44,454	67,763	194,973	47,919	358,553
Management fees	690,012	908,963	1,598,975	860,294	748,843	875,775	2,484,912	862,849	4,946,736
Legal service	16,709	18,382	35,091	4,830	13,546	4,414	22,790	18,380	76,261
Accounting and audit services	10,443	10,443	20,886	10,440	10,443	10,443	31,326	10,440	62,652
Other professional and consulting services	106,979	106,971	213,950	129,895	109,375	109,422	348,692	95,919	658,561
Building and land rent	87,103	108,784	195,887	102,017	87,103	108,784	297,904	101,659	595,450
Repairs and maintenance	169,232	161,421	330,653	227,497	159,627	264,786	651,910	203,430	1,185,993
Insurance	54,892	70,083	124,975	70,082	54,892	70,083	195,057	70,082	390,114
Utilities	79,711	74,283	153,994	117,116	87,368	69,840	274,324	65,776	494,094
Supplies and materials	40,362	90,550	130,912	100,611	30,368	32,860	163,839	75,749	370,500
Equipment/Furnishings	5,143	13,881	19,024	4,312	1,350	9,080	14,742	19,548	53,314
Professional development	62,435	120,723	183,158	105,879	84,458	118,320	308,657	102,491	594,306
Marketing and recruitment	5,754	5,754	11,508	5,750	5,754	5,755	17,259	5,750	34,517
Technology	78,579	129,143	207,722	105,005	33,331	144,048	282,384	153,705	643,811
Food service	100,891	135,879	236,770	69,116	171,489	163,373	403,978	158,840	799,588
Student services	28,960	87,355	116,315	195,533	5,880	22,508	223,921	18,741	358,977
Office expense	88,222	173,906	262,128	239,785	154,947	202,177	596,909	102,706	961,743
Depreciation and amortization	211,028	450,163	661,191	616,852	186,283	259,937	1,063,072	509,290	2,233,553
Other	10,905	13,317	24,222	34,617	13,065	3,748	51,430	19,073	94,725
TOTAL EXPENSES	4,634,474	6,484,417	11,118,891	6,818,139	4,717,358	6,249,698	17,785,195	5,907,738	34,811,824
SURPLUS FROM SCHOOL OPERATIONS	1,145,585	892,711	2,038,296	261,885	1,472,905	1,074,025	2,808,815	1,181,015	6,028,126
Support and other revenue:									
Contributions:									
Foundations	50,843	51,343	102,186	498,507	50,843	52,843	602,193	50,813	755,192
Miscellaneous income	1,641	14,541	16,182	494	1,659	5,030	7,183	531	23,896
TOTAL SUPPORT AND OTHER REVENUE	52,484	65,884	118,368	499,001	52,502	57,873	609,376	51,344	779,088
CHANGE IN NET ASSETS	\$ 1,198,069	\$ 958,595	\$ 2,156,664	\$ 760,886	\$ 1,525,407	\$ 1,131,898	\$ 3,418,191	\$ 1,232,359	\$ 6,807,214

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES – WEST CAMPUS

		June 30,					
		2021			2020		
	No. of Positions	Program Services			Support Services		Total
		Regular education	Special education	Total	Management and General	Total	
Personnel services costs:							
Administrative staff personnel	18	\$ 1,201,583	\$ 24,522	\$ 1,226,105	\$ 491,924	\$ 1,718,029	\$ 1,533,580
Instructional personnel	71	3,510,948	71,652	3,582,600	-	3,582,600	3,656,191
Non-instructional personnel	1	-	-	-	39,827	39,827	36,793
Total salaries and staff	90	4,712,531	96,174	4,808,705	531,751	5,340,456	5,226,564
Fringe benefits and payroll taxes		990,671	20,218	1,010,889	124,524	1,135,413	1,005,441
Retirement		113,348	2,313	115,661	-	115,661	123,548
Management fees		1,331,946	27,183	1,359,129	239,846	1,598,975	1,514,047
Legal service		-	-	-	35,091	35,091	12,536
Accounting and audit services		-	-	-	20,886	20,886	20,415
Other professional and consulting services		178,622	3,645	182,267	31,683	213,950	249,640
Building and land rent		191,969	3,918	195,887	-	195,887	270,765
Repairs and maintenance		324,040	6,613	330,653	-	330,653	327,262
Insurance		-	-	-	124,975	124,975	116,009
Utilities		84,526	1,725	86,251	67,743	153,994	142,491
Supplies and materials		128,294	2,618	130,912	-	130,912	174,552
Equipment/Furnishings		10,323	211	10,534	8,490	19,024	32,018
Professional development		179,495	3,663	183,158	-	183,158	257,129
Marketing and recruitment		11,278	230	11,508	-	11,508	24,551
Technology		149,766	3,056	152,822	54,900	207,722	141,711
Food service		232,035	4,735	236,770	-	236,770	499,109
Student services		113,989	2,326	116,315	-	116,315	357,312
Office expense		130,847	2,670	133,517	128,611	262,128	251,375
Depreciation and amortization		645,589	13,175	658,764	2,427	661,191	596,082
Other		-	-	-	24,222	24,222	13,859
		<u>\$ 9,529,269</u>	<u>\$ 194,473</u>	<u>\$ 9,723,742</u>	<u>\$ 1,395,149</u>	<u>\$ 11,118,891</u>	<u>\$ 11,356,416</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP

		June 30,					
		2021					2020
	No. of Positions	Program Services			Support Services		Total
		Regular education	Special education	Total	Management and General	Total	
Personnel services costs:							
Administrative staff personnel	33	\$ 1,984,178	\$ 104,430	\$ 2,088,608	\$ 752,675	\$ 2,841,283	\$ 2,695,130
Instructional personnel	113	5,318,504	279,921	5,598,425	-	5,598,425	5,157,778
Non-instructional personnel	2	52,250	2,750	55,000	31,881	86,881	63,281
Total salaries and staff	148	7,354,932	387,101	7,742,033	784,556	8,526,589	7,916,189
Fringe benefits and payroll taxes		1,388,582	73,083	1,461,665	168,862	1,630,527	1,421,117
Retirement		185,224	9,749	194,973	-	194,973	147,992
Management fees		2,006,567	105,609	2,112,176	372,736	2,484,912	2,316,071
Legal service		-	-	-	22,790	22,790	18,800
Accounting and audit services		-	-	-	31,326	31,326	30,619
Other professional and consulting services		285,156	15,008	300,164	48,528	348,692	514,197
Building and land rent		283,009	14,895	297,904	-	297,904	396,364
Repairs and maintenance		619,314	32,596	651,910	-	651,910	672,025
Insurance		-	-	-	195,057	195,057	218,281
Utilities		115,740	6,092	121,832	152,492	274,324	233,292
Supplies and materials		155,647	8,192	163,839	-	163,839	256,111
Equipment/Furnishings		8,018	422	8,440	6,302	14,742	22,748
Professional development		293,224	15,433	308,657	-	308,657	476,939
Marketing and recruitment		16,396	863	17,259	-	17,259	35,291
Technology		199,148	10,482	209,630	72,754	282,384	212,056
Food service		383,779	20,199	403,978	-	403,978	671,658
Student services		212,725	11,196	223,921	-	223,921	616,862
Office expense		310,463	16,340	326,803	270,106	596,909	585,471
Depreciation and amortization		1,005,158	52,903	1,058,061	5,011	1,063,072	547,010
Other		-	-	-	51,430	51,430	84,928
		<u>\$ 14,823,082</u>	<u>\$ 780,163</u>	<u>\$ 15,603,245</u>	<u>\$ 2,181,950</u>	<u>\$ 17,785,195</u>	<u>\$ 17,394,021</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP SCHOOL 3

		June 30,					
		2021			2020		
	No. of Positions	Program Services			Support Services		Total
		Regular education	Special education	Total	Management and General	Total	
Personnel services costs:							
Administrative staff personnel	10	\$ 542,954	\$ 11,081	\$ 554,035	\$ 258,419	\$ 812,454	\$ 641,777
Instructional personnel	41	1,947,266	39,740	1,987,006	-	1,987,006	1,539,559
Non-instructional personnel	-	-	-	-	-	-	-
Total salaries and staff	51	2,490,220	50,821	2,541,041	258,419	2,799,460	2,181,336
Fringe benefits and payroll taxes		409,806	8,363	418,169	47,762	465,931	321,435
Retirement		46,961	958	47,919	-	47,919	34,164
Management fees		718,754	14,668	733,422	129,427	862,849	672,167
Legal service		-	-	-	18,380	18,380	6,264
Accounting and audit services		-	-	-	10,440	10,440	10,206
Other professional and consulting services		78,108	1,594	79,702	16,217	95,919	110,412
Building and land rent		99,626	2,033	101,659	-	101,659	121,851
Repairs and maintenance		199,361	4,069	203,430	-	203,430	186,974
Insurance		-	-	-	70,082	70,082	43,068
Utilities		24,984	510	25,494	40,282	65,776	39,156
Supplies and materials		74,234	1,515	75,749	-	75,749	56,881
Equipment/Furnishings		8,488	173	8,661	10,887	19,548	20,769
Professional development		100,441	2,050	102,491	-	102,491	128,229
Marketing and recruitment		5,635	115	5,750	-	5,750	11,451
Technology		132,806	2,710	135,516	18,189	153,705	53,998
Food service		155,663	3,177	158,840	-	158,840	213,198
Student services		18,366	375	18,741	-	18,741	31,104
Office expense		29,002	592	29,594	73,112	102,706	99,406
Depreciation and amortization		494,949	10,101	505,050	4,240	509,290	464,942
Other		-	-	-	19,073	19,073	10,538
		<u>\$ 5,087,404</u>	<u>\$ 103,824</u>	<u>\$ 5,191,228</u>	<u>\$ 716,510</u>	<u>\$ 5,907,738</u>	<u>\$ 4,817,549</u>