

**TRUE NORTH ROCHESTER PREPARATORY
CHARTER SCHOOL**

ROCHESTER, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022

(With Comparative Totals for 2021)



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

Opinion

We have audited the financial statements of True North Rochester Preparatory Charter School which comprise the statement of financial position as of June 30, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of True North Rochester Preparatory Charter School as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of True North Rochester Preparatory Charter School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of True North Rochester Preparatory Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about True North Rochester Preparatory Charter School's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited True North Rochester Preparatory Charter School's June 30, 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022 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 27, 2022

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(With Comparative Totals for 2021)

<u>ASSETS</u>	June 30,	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 4,725,082	\$ 2,006,393
Money market funds	10,231,948	8,700,128
Grants and contracts receivable	5,948,568	3,306,457
Accounts receivable	642,155	914,198
Prepaid expenses and other current assets	<u>799,583</u>	<u>958,029</u>
TOTAL CURRENT ASSETS	22,347,336	15,885,205
<u>PROPERTY AND EQUIPMENT</u> , net of accumulated depreciation of \$11,360,011 and \$9,491,898, respectively		
	6,860,468	6,353,143
<u>MONEY MARKET FUNDS - DESIGNATED FOR CAPITAL PROJECTS</u>		
	7,500,000	9,000,000
<u>OTHER ASSETS</u>		
Security Deposit	9,407	-
Escrow Account	<u>240,361</u>	<u>240,105</u>
	<u>249,768</u>	<u>240,105</u>
TOTAL ASSETS	<u>\$ 36,957,572</u>	<u>\$ 31,478,453</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 2,222,918	\$ 1,908,226
Deferred revenue	<u>691,506</u>	<u>-</u>
TOTAL LIABILITIES	2,914,424	1,908,226
<u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	26,543,148	20,570,227
Designated for capital projects	<u>7,500,000</u>	<u>9,000,000</u>
TOTAL NET ASSETS	<u>34,043,148</u>	<u>29,570,227</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,957,572</u>	<u>\$ 31,478,453</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, 2022
(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Revenue, gains and other support:		
Public school district		
Resident student enrollment	\$ 35,384,143	\$ 35,334,434
Students with disabilities	1,416,095	1,231,654
Grants and contracts:		
Federal - Title and IDEA	1,996,182	2,119,318
Federal - Other	729,000	266,256
Federal - ESSER	4,753,245	1,237,631
Food service/child nutrition program	3,027,426	650,657
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>47,306,091</u>	<u>40,839,950</u>
Expenses:		
Program services:		
Regular education	37,887,520	29,439,755
Special education	1,403,082	1,078,460
TOTAL PROGRAM SERVICES	<u>39,290,602</u>	<u>30,518,215</u>
Management and general	4,582,054	4,293,609
TOTAL OPERATING EXPENSES	<u>43,872,656</u>	<u>34,811,824</u>
SURPLUS FROM SCHOOL OPERATIONS	3,433,435	6,028,126
Support and other revenue:		
Contributions:		
Foundations	969,440	755,192
Miscellaneous income	70,046	23,896
TOTAL SUPPORT AND OTHER REVENUE	<u>1,039,486</u>	<u>779,088</u>
CHANGE IN NET ASSETS	4,472,921	6,807,214
Net assets without donor restrictions at beginning of year	<u>29,570,227</u>	<u>22,763,013</u>
NET ASSETS AT END OF YEAR	<u>\$ 34,043,148</u>	<u>\$ 29,570,227</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, 2022
(With Comparative Totals for 2021)

		June 30,					
		2022					2021
		Program Services			Support Services		
	No. of Positions	Regular education	Special education	Total	Management and General	Total	Total
Personnel services costs:							
Administrative staff personnel	62	\$ 3,051,141	\$ 116,175	\$ 3,167,316	\$ 1,800,458	\$ 4,967,774	\$ 5,151,609
Instructional personnel	231	12,875,400	466,605	13,342,005	-	13,342,005	11,387,863
Non-instructional personnel	2	89,264	2,992	92,256	-	92,256	127,033
Total salaries and staff	295	16,015,805	585,772	16,601,577	1,800,458	18,402,035	16,666,505
Fringe benefits and payroll taxes		3,080,354	112,622	3,192,976	310,010	3,502,986	3,231,871
Retirement		342,083	12,728	354,811	34,156	388,967	358,553
Management fees		4,233,162	150,807	4,383,969	773,641	5,157,610	4,946,736
Legal service		-	-	-	58,953	58,953	76,261
Accounting and audit services		-	-	-	39,900	39,900	62,652
Other professional and consulting services		436,231	20,880	457,111	522	457,633	658,561
Building and land rent		1,615,866	72,822	1,688,688	-	1,688,688	595,450
Repairs and maintenance		2,051,273	72,524	2,123,797	-	2,123,797	1,185,993
Insurance		-	-	-	358,897	358,897	390,114
Utilities		329,400	12,046	341,446	318,470	659,916	494,094
Supplies and materials		531,286	18,573	549,859	120,582	670,441	370,500
Equipment/Furnishings		237,247	8,191	245,438	59,111	304,549	53,314
Professional development		341,724	11,727	353,451	-	353,451	594,306
Marketing and recruitment		288,156	9,889	298,045	-	298,045	34,517
Technology		2,035,467	71,064	2,106,531	196,223	2,302,754	643,811
Food service		2,035,789	72,616	2,108,405	-	2,108,405	799,588
Student services		1,783,417	69,516	1,852,933	-	1,852,933	358,977
Office expense		624,348	24,504	648,852	379,413	1,028,265	961,743
Depreciation and amortization		1,774,873	72,252	1,847,125	20,988	1,868,113	2,233,553
Other		131,039	4,549	135,588	110,730	246,318	94,725
		\$ 37,887,520	\$ 1,403,082	\$ 39,290,602	\$ 4,582,054	\$ 43,872,656	\$ 34,811,824

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, 2022
(With Comparative Totals for 2021)

	June 30,	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 4,472,921	\$ 6,807,214
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,868,113	2,233,553
Bad debt expense	8,358	26,770
Changes in certain assets and liabilities affecting operations:		
Accounts receivable	263,685	(300,336)
Grants and other receivables	(2,642,111)	(2,030,190)
Prepaid expenses and other current assets	158,446	(554,120)
Security deposits	(9,407)	-
Accounts payable and accrued expenses	314,692	811,345
Deferred revenue	<u>691,506</u>	<u>(236,983)</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	5,126,203	6,757,253
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(2,375,438)	(2,281,789)
Purchases of money market funds	<u>(31,820)</u>	<u>(8,005,292)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(2,407,258)</u>	<u>(10,287,081)</u>
NET INCREASE (DECREASE) IN CASH AND ESCROW ACCOUNT	2,718,945	(3,529,828)
Cash and escrow account at beginning of year	<u>2,246,498</u>	<u>5,776,326</u>
CASH AND ESCROW ACCOUNT AT END OF YEAR	<u>\$ 4,965,443</u>	<u>\$ 2,246,498</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	\$ 4,725,082	\$ 2,006,393
Escrow account	<u>240,361</u>	<u>240,105</u>
Total cash and escrow account shown in the statement of cash flows	<u>\$ 4,965,443</u>	<u>\$ 2,246,498</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(With Comparative Totals for 2021)

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, 2022 and 2021.

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, 2022

(With Comparative Totals for 2021)

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,		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 207,426	\$ 914,198	\$ 458,815

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, 2022

(With Comparative Totals for 2021)

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 was \$691,506 related to deferred revenue at June 30, 2022. There were no amounts related to deferred revenue at June 30, 2021. 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, 2022 and 2021, 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, 2022

(With Comparative Totals for 2021)

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, 2022 or 2021.

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, 2019 through June 30, 2022 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 as part of their responsibilities to the students residing in their districts.

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.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Comparatives for year ended June 30, 2021

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, 2021, from which the summarized information was derived.

Student services

Student services include various expenses including transportation, student/parent food, assignment services, student uniforms and other student related expenses.

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.

Adoption of new accounting standard - 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-kinds 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 is being applied on a retrospective basis. The Charter School adopted this standard during the year ended June 30, 2022 with no impact on their financial statements.

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.

Reclassifications

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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 27, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

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. Under a separate board resolution, the Charter School will pay USI its 12.28% proportionate share of the total incremental costs incurred by USI to address the learning loss as a result of the pandemic. The additional expense due to learning loss will be charged through June 30, 2024.

The fees incurred for the years ended June 30, 2022 and 2021 was \$5,157,610 and \$4,946,736, respectively. At June 30, 2022 and 2021, approximately \$121,300 and \$86,300, respectively, was included in accounts receivable relating to USI, primarily from grants passed through USI. At June 30, 2022 and 2021, approximately \$976,000 and \$927,000, 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.

Effective July 1, 2020, the Charter School entered into new lease agreements with True North Jacobs Street, LLC, True North Rochester 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 Jacobs Street, LLC, True North Rochester 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 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 as well as refinancing existing mortgages..

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

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.

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 was used to fund continued construction and renovations at the site. This commitment was satisfied in 2021.

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 were required until August 2021

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>
2023	\$ 2,063,100
2024	2,063,100
2025	2,063,100
2026	2,063,100
2027	2,063,100
Thereafter	68,082,300
	<u>\$ 78,397,800</u>

At June 30, 2022 and 2021, 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, 2022 and 2021 relating to the above leases was approximately \$1,632,407, and \$722,979, respectively.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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>2022</u>	<u>2021</u>
Cash	\$ 4,725,082	\$ 2,006,393
Money market funds	10,231,948	8,700,128
Grants and contracts receivable	5,948,568	3,306,457
Accounts receivable	<u>642,155</u>	<u>914,198</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 21,547,753</u>	<u>\$ 14,927,176</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 2022 and 2021.

NOTE D: SCHOOL OFFICE 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 and became month to month. Effective June 1, 2022, the Charter School entered into a new lease agreement for 400 Andrews Street in Rochester, NY. The term of this lease will end on May 31, 2025. Rent expense was approximately \$26,000 during the year ended June 20, 2022.

The future minimum lease payments for the Charter School related to the 400 Andrews Street location are:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 34,100
2024	40,100
2025	<u>41,800</u>
	<u>\$ 116,000</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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, 2022 or 2021.

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, 2022

(With Comparative Totals for 2021)

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, 2022 and 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2022</u>				
Mutual funds:				
Money market funds	\$ 10,231,948	\$ -	\$ -	\$ 10,231,948
Money market funds designated for capital projects	<u>7,500,000</u>	<u>-</u>	<u>-</u>	<u>7,500,000</u>
Total assets at fair value	<u>\$ 17,731,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,731,948</u>
<u>June 30, 2021</u>				
Mutual funds:				
Money market funds	\$ 8,700,128	\$ -	\$ -	\$ 8,700,128
Money market 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>

NOTE F: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Year Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 1,154,930	\$ 730,183
Computer equipment and software	5,821,814	5,351,296
Leasehold improvements	11,243,735	9,665,022
Construction in process	<u>-</u>	<u>98,540</u>
	18,220,479	15,845,041
Less accumulated depreciation and amortization	<u>11,360,011</u>	<u>9,491,898</u>
	<u>\$ 6,860,468</u>	<u>\$ 6,353,143</u>

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. There was no construction in progress at June 30, 2022.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE G: COMMITMENTS

The Charter School leases office equipment under non-cancelable lease agreements expiring at various dates through February 2027. The approximate future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 604,000
2024	546,000
2025	352,000
2026	153,000
2027	71,000
	<u>\$ 1,726,000</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, 2022 and 2021 approximated \$389,000 and \$359,000, 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, 2022 and 2021, approximately 90% and 75%, respectively, of grants and contracts receivable are due from federal programs. In addition at June 30, 2022, 29% of accounts receivables are due from one school district.

During the years ended June 30, 2022 and 2021, 78% and 90%, 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, 2022

(With Comparative Totals for 2021)

NOTE K: NET ASSETS

Net assets are as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Undesignated	\$ 19,682,680	\$ 14,217,084
Designated for capital projects	7,500,000	9,000,000
Invested in property and equipment	6,860,468	6,353,143
	<u>\$ 34,043,148</u>	<u>\$ 29,570,227</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.

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 2023.

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 \$4,753,245 and \$1,237,631 of revenue relative to ESSER grants during the years ended June 30, 2022 and 2021, respectively. The Charter School has \$8,994,694 of ESSER grants still available through September 30, 2024 as of June 30, 2022.

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, 2022, and we have issued our report thereon dated October 27, 2022, which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2022 financial statements as a whole. The 2022 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2022 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 2022 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 financial statements or to the 2022 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, 2022, 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, 2021, and our report thereon dated October 20, 2021, 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 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.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 27, 2022

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

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

YEAR ENDED JUNE 30, 2022

	<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	\$ 17,537,004	\$ 10,744,079	\$ 7,103,060	\$ 35,384,143
Students with disabilities	953,802	256,120	206,173	1,416,095
Grants and contracts				
Federal - Title and IDEA	932,955	612,280	450,947	1,996,182
Federal - Other	267,101	71,432	390,467	729,000
Federal - ESSER	2,306,547	1,515,220	931,478	4,753,245
Food service/child nutrition program	1,297,468	864,979	864,979	3,027,426
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	23,294,877	14,064,110	9,947,104	47,306,091
Personnel services costs:				
Administrative staff personnel	2,541,887	1,263,526	1,162,361	4,967,774
Instructional personnel	6,658,827	4,192,050	2,491,128	13,342,005
Non-instructional personnel	38,235	54,021	-	92,256
TOTAL STAFF AND SALARIES	9,238,949	5,509,597	3,653,489	18,402,035
Fringe benefits and payroll taxes	1,776,572	1,068,395	658,019	3,502,986
Retirement	204,794	118,450	65,723	388,967
Management fees	2,475,607	1,583,449	1,098,554	5,157,610
Legal service	19,549	26,564	12,840	58,953
Accounting and audit services	12,957	8,634	18,309	39,900
Other professional and consulting services	391,468	43,603	22,562	457,633
Building and land rent	1,301,605	302,837	84,246	1,688,688
Repairs and maintenance	1,001,588	561,480	560,729	2,123,797
Insurance	153,813	102,542	102,542	358,897
Utilities	332,909	196,221	130,786	659,916
Supplies and materials	306,795	188,889	174,757	670,441
Equipment/Furnishings	121,045	91,012	92,492	304,549
Professional development	155,264	115,526	82,661	353,451
Marketing and recruitment	130,914	78,992	88,139	298,045
Technology	1,058,481	709,100	535,173	2,302,754
Food service	1,014,911	666,441	427,053	2,108,405
Student services	1,081,916	433,872	337,145	1,852,933
Office expense	575,874	276,017	176,374	1,028,265
Depreciation and amortization	1,189,310	389,120	289,683	1,868,113
Other	105,875	105,709	34,734	246,318
TOTAL EXPENSES	22,650,196	12,576,450	8,646,010	43,872,656
SURPLUS FROM SCHOOL OPERATIONS	644,681	1,487,660	1,301,094	3,433,435
Support and other revenue:				
Contributions:				
Foundations	968,469	486	485	969,440
Miscellaneous income	45,464	15,850	8,732	70,046
TOTAL SUPPORT AND OTHER REVENUE	1,013,933	16,336	9,217	1,039,486
CHANGE IN NET ASSETS	\$ 1,658,614	\$ 1,503,996	\$ 1,310,311	\$ 4,472,921

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

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

YEAR ENDED JUNE 30, 2022

	West Campus			Rochester Prep				Rochester Prep School 3			
	Middle School	Elementary School	Total	High School	Middle School	Elementary School	Total	Middle School	Elementary School	Total	Total
Revenue, gains and other support											
Public school district											
Resident student enrollment	\$ 4,805,100	\$ 5,938,979	\$ 10,744,079	\$ 6,598,680	\$ 4,659,881	\$ 6,278,443	\$ 17,537,004	\$ 1,196,023	\$ 5,907,037	\$ 7,103,060	\$ 35,384,143
Students with disabilities	165,560	90,560	256,120	360,093	401,119	192,590	953,802	15,000	191,173	206,173	1,416,095
Grants and contracts											
Federal - Title and IDEA	169,041	443,239	612,280	324,374	197,481	411,100	932,955	49,929	401,018	450,947	1,996,182
Federal - Other	35,716	35,716	71,432	188,928	35,716	42,457	267,101	176,616	213,851	390,467	729,000
Federal - ESSER	721,421	793,799	1,515,220	891,847	624,833	789,867	2,306,547	204,174	727,304	931,478	4,753,245
Food service/child nutrition program	432,490	432,489	864,979	432,490	432,489	432,489	1,297,468	432,490	432,489	864,979	3,027,426
TOTAL REVENUE, GAINS AND OTHER SUPPORT	6,329,328	7,734,782	14,064,110	8,796,412	6,351,519	8,146,946	23,294,877	2,074,232	7,872,872	9,947,104	47,306,091
Personnel services costs:											
Administrative staff personnel	648,703	614,823	1,263,526	1,169,719	632,160	740,008	2,541,887	493,235	669,126	1,162,361	4,967,774
Instructional personnel	1,806,058	2,385,992	4,192,050	2,526,240	1,549,031	2,583,556	6,658,827	298,282	2,192,846	2,491,128	13,342,005
Non-instructional personnel	-	54,021	54,021	-	38,235	-	38,235	-	-	-	92,256
TOTAL STAFF AND SALARIES	2,454,761	3,054,836	5,509,597	3,695,959	2,219,426	3,323,564	9,238,949	791,517	2,861,972	3,653,489	18,402,035
Fringe benefits and payroll taxes	487,226	581,169	1,068,395	653,758	445,682	677,132	1,776,572	157,319	500,700	658,019	3,502,986
Retirement	58,164	60,286	118,450	87,917	44,076	72,801	204,794	14,803	50,920	65,723	388,967
Management fees	714,241	869,208	1,583,449	791,912	714,901	968,794	2,475,607	201,870	896,684	1,098,554	5,157,610
Legal service	20,144	6,420	26,564	6,420	6,709	6,420	19,549	6,420	6,420	12,840	58,953
Accounting and audit services	4,317	4,317	8,634	4,323	4,317	4,317	12,957	13,986	4,323	18,309	39,900
Other professional and consulting services	17,489	26,114	43,603	371,885	8,348	11,235	391,468	11,574	10,988	22,562	457,633
Building and land rent	116,608	186,229	302,837	1,144,599	4,014	152,992	1,301,605	42,123	42,123	84,246	1,688,688
Repairs and maintenance	251,380	310,100	561,480	379,263	294,524	327,801	1,001,588	246,598	314,131	560,729	2,123,797
Insurance	51,271	51,271	102,542	51,271	51,271	51,271	153,813	51,271	51,271	102,542	358,897
Utilities	105,210	91,011	196,221	193,789	66,383	72,737	332,909	39,130	91,656	130,786	659,916
Supplies and materials	58,099	130,790	188,889	173,395	63,597	69,803	306,795	70,751	104,006	174,757	670,441
Equipment/Furnishings	7,834	83,178	91,012	71,742	34,207	15,096	121,045	42,918	49,574	92,492	304,549
Professional development	47,205	68,321	115,526	65,024	44,214	46,026	155,264	38,730	43,931	82,661	353,451
Marketing and recruitment	38,120	40,872	78,992	52,495	42,949	35,470	130,914	35,901	52,238	88,139	298,045
Technology	310,833	398,267	709,100	364,271	315,632	378,578	1,058,481	160,598	374,575	535,173	2,302,754
Food service	356,265	310,176	666,441	222,923	330,715	461,273	1,014,911	32,098	394,955	427,053	2,108,405
Student services	203,641	230,231	433,872	699,432	135,891	246,593	1,081,916	211,657	125,488	337,145	1,852,933
Office expense	108,016	168,001	276,017	235,475	129,887	210,512	575,874	64,130	112,244	176,374	1,028,265
Depreciation and amortization	209,185	179,935	389,120	726,420	175,755	287,135	1,189,310	41,960	247,723	289,683	1,868,113
Other	20,020	85,689	105,709	61,517	22,281	22,077	105,875	16,042	18,692	34,734	246,318
TOTAL EXPENSES	5,640,029	6,936,421	12,576,450	10,053,790	5,154,779	7,441,627	22,650,196	2,291,396	6,354,614	8,646,010	43,872,656
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	689,299	798,361	1,487,660	(1,257,378)	1,196,740	705,319	644,681	(217,164)	1,518,258	1,301,094	3,433,435
Support and other revenue:											
Contributions:											
Foundations	243	243	486	967,983	243	243	968,469	243	242	485	969,440
Miscellaneous income	9,329	6,521	15,850	2,509	18,271	24,684	45,464	849	7,883	8,732	70,046
TOTAL SUPPORT AND OTHER REVENUE	9,572	6,764	16,336	970,492	18,514	24,927	1,013,933	1,092	8,125	9,217	1,039,486
CHANGE IN NET ASSETS	\$ 698,871	\$ 805,125	\$ 1,503,996	\$ (286,886)	\$ 1,215,254	\$ 730,246	\$ 1,658,614	\$ (216,072)	\$ 1,526,383	\$ 1,310,311	\$ 4,472,921

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES – WEST CAMPUS

		June 30,					
		2022					2021
	No. of Positions	Program Services			Support Services		Total
		Regular education	Special education	Total	Management and General	Total	
Personnel services costs:							
Administrative staff personnel	16	\$ 704,621	\$ 14,380	\$ 719,001	\$ 544,525	\$ 1,263,526	\$ 1,583,622
Instructional personnel	70	4,108,209	83,841	4,192,050	-	4,192,050	3,717,007
Non-instructional personnel	1	52,941	1,080	54,021	-	54,021	39,827
Total salaries and staff	87	4,865,771	99,301	4,965,072	544,525	5,509,597	5,340,456
Fringe benefits and payroll taxes		943,432	19,254	962,686	105,709	1,068,395	1,135,413
Retirement		104,553	2,134	106,687	11,763	118,450	115,661
Management fees		1,319,013	26,919	1,345,932	237,517	1,583,449	1,598,975
Legal service		-	-	-	26,564	26,564	35,091
Accounting and audit services		-	-	-	8,634	8,634	20,886
Other professional and consulting services		42,477	867	43,344	259	43,603	213,950
Building and land rent		296,780	6,057	302,837	-	302,837	195,887
Repairs and maintenance		550,250	11,230	561,480	-	561,480	330,653
Insurance		-	-	-	102,542	102,542	124,975
Utilities		99,277	2,026	101,303	94,918	196,221	153,994
Supplies and materials		148,120	3,023	151,143	37,746	188,889	130,912
Equipment/Furnishings		65,646	1,340	66,986	24,026	91,012	19,024
Professional development		113,215	2,311	115,526	-	115,526	183,158
Marketing and recruitment		77,412	1,580	78,992	-	78,992	11,508
Technology		633,647	12,932	646,579	62,521	709,100	207,722
Food service		653,112	13,329	666,441	-	666,441	236,770
Student services		425,195	8,677	433,872	-	433,872	116,315
Office expense		173,174	3,534	176,708	99,309	276,017	262,128
Depreciation and amortization		378,844	7,731	386,575	2,545	389,120	661,191
Other		47,641	972	48,613	57,096	105,709	24,222
		<u>\$ 10,937,559</u>	<u>\$ 223,217</u>	<u>\$ 11,160,776</u>	<u>\$ 1,415,674</u>	<u>\$ 12,576,450</u>	<u>\$ 11,118,891</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP

		June 30,					
		2022					2021
		Program Services			Support Services		
	No. of Positions	Regular education	Special education	Total	Management and General	Total	Total
Personnel services costs:							
Administrative staff personnel	31	\$ 1,672,891	\$ 88,047	\$ 1,760,938	\$ 780,949	\$ 2,541,887	\$ 2,809,458
Instructional personnel	115	6,325,886	332,941	6,658,827	-	6,658,827	5,629,925
Non-instructional personnel	1	36,323	1,912	38,235	-	38,235	87,206
Total salaries and staff	147	8,035,100	422,900	8,458,000	780,949	9,238,949	8,526,589
Fringe benefits and payroll taxes		1,544,158	81,271	1,625,429	151,143	1,776,572	1,630,527
Retirement		178,325	9,386	187,711	17,083	204,794	194,973
Management fees		1,999,053	105,213	2,104,266	371,341	2,475,607	2,484,912
Legal service		-	-	-	19,549	19,549	22,790
Accounting and audit services		-	-	-	12,957	12,957	31,326
Other professional and consulting services		371,669	19,562	391,231	237	391,468	348,692
Building and land rent		1,236,525	65,080	1,301,605	-	1,301,605	297,904
Repairs and maintenance		951,509	50,079	1,001,588	-	1,001,588	651,910
Insurance		-	-	-	153,813	153,813	195,057
Utilities		165,233	8,696	173,929	158,980	332,909	274,324
Supplies and materials		239,918	12,627	252,545	54,250	306,795	163,839
Equipment/Furnishings		103,923	5,470	109,393	11,652	121,045	14,742
Professional development		147,501	7,763	155,264	-	155,264	308,657
Marketing and recruitment		124,368	6,546	130,914	-	130,914	17,259
Technology		916,208	48,222	964,430	94,051	1,058,481	282,384
Food service		964,165	50,746	1,014,911	-	1,014,911	403,978
Student services		1,027,820	54,096	1,081,916	-	1,081,916	223,921
Office expense		365,020	19,212	384,232	191,642	575,874	596,909
Depreciation and amortization		1,118,125	58,849	1,176,974	12,336	1,189,310	1,063,072
Other		58,190	3,063	61,253	44,622	105,875	51,430
		\$ 19,546,810	\$ 1,028,781	\$ 20,575,591	\$ 2,074,605	\$ 22,650,196	\$ 17,785,195

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES – ROCHESTER PREP SCHOOL 3

		June 30,					
		2022					2021
	No. of Positions	Program Services			Support Services		Total
		Regular education	Special education	Total	Management and General	Total	
Personnel services costs:							
Administrative staff personnel	15	\$ 673,629	\$ 13,748	\$ 687,377	\$ 474,984	\$ 1,162,361	\$ 758,529
Instructional personnel	46	2,441,305	49,823	2,491,128	-	2,491,128	2,040,931
Non-instructional personnel	-	-	-	-	-	-	-
Total salaries and staff	61	3,114,934	63,571	3,178,505	474,984	3,653,489	2,799,460
Fringe benefits and payroll taxes		592,764	12,097	604,861	53,158	658,019	465,931
Retirement		59,205	1,208	60,413	5,310	65,723	47,919
Management fees		915,096	18,675	933,771	164,783	1,098,554	862,849
Legal service		-	-	-	12,840	12,840	18,380
Accounting and audit services		-	-	-	18,309	18,309	10,440
Other professional and consulting services		22,085	451	22,536	26	22,562	95,919
Building and land rent		82,561	1,685	84,246	-	84,246	101,659
Repairs and maintenance		549,514	11,215	560,729	-	560,729	203,430
Insurance		-	-	-	102,542	102,542	70,082
Utilities		64,890	1,324	66,214	64,572	130,786	65,776
Supplies and materials		143,248	2,923	146,171	28,586	174,757	75,749
Equipment/Furnishings		67,678	1,381	69,059	23,433	92,492	19,548
Professional development		81,008	1,653	82,661	-	82,661	102,491
Marketing and recruitment		86,376	1,763	88,139	-	88,139	5,750
Technology		485,612	9,910	495,522	39,651	535,173	153,705
Food service		418,512	8,541	427,053	-	427,053	158,840
Student services		330,402	6,743	337,145	-	337,145	18,741
Office expense		86,154	1,758	87,912	88,462	176,374	102,706
Depreciation and amortization		277,904	5,672	283,576	6,107	289,683	509,290
Other		25,208	514	25,722	9,012	34,734	19,073
		<u>\$ 7,403,151</u>	<u>\$ 151,084</u>	<u>\$ 7,554,235</u>	<u>\$ 1,091,775</u>	<u>\$ 8,646,010</u>	<u>\$ 5,907,738</u>