

**GENESEE COMMUNITY CHARTER SCHOOL -  
FLOUR CITY CAMPUS**

**FINANCIAL STATEMENTS**

**September 27, 2021 (Inception) - June 30, 2023**



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## INDEPENDENT AUDITORS' REPORT

To The Board of Trustees  
Genesee Community Charter School - Flour City Campus  
Rochester, New York

### Opinion

We have audited the accompanying financial statements of Genesee Community Charter School - Flour City Campus (a New York State nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the period from September 27, 2021 (Date of Inception) to June 30, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesee Community Charter School - Flour City Campus as of June 30, 2023, and the changes in net assets and its cash flows for the period from September 27, 2021 (Date of Inception) to June 30, 2023 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Genesee Community Charter School - Flour City Campus and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Genesee Community Charter School - Flour City Campus' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

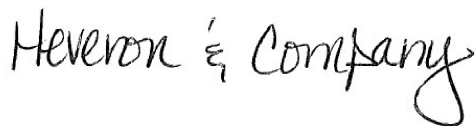
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Genesee Community Charter School - Flour City Campus' 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 Genesee Community Charter School - Flour City Campus' ability to continue as a going concern for a reasonable period of time.

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023 on our consideration of Genesee Community Charter School - Flour City Campus' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Genesee Community Charter School - Flour City Campus' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Genesee Community Charter School - Flour City Campus' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Heveron & Company". The signature is written in a cursive, flowing style.

Heveron & Company  
Certified Public Accountants

Rochester, New York  
October 27, 2023

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 157,937
Accounts Receivable	9,005
Grants Receivable	<u>216,036</u>
Total Current Assets	<u>382,978</u>

Fixed Assets

Leasehold Improvements and Equipment, Net	<u>371,241</u>
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Other Assets

Right-of-Use Assets - Operating Leases	2,406,905
Deposits	<u>18,893</u>
Total Other Assets	<u>2,425,798</u>

TOTAL ASSETS	<u><u>\$ 3,180,017</u></u>
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## LIABILITIES AND NET ASSETS

### Current Liabilities

Accounts Payable	\$ 49,774
Accrued Payroll	113,891
Accrued Liabilities	89,696
Due to River Campus	5,836
Refundable Advances	151,671
Current Portion of Operating Lease Liabilities	167,127
Current Portion of Long-Term Debt	<u>400,000</u>
 Total Current Liabilities	 <u>977,995</u>

### Long-Term Liabilities

Long-Term Portion of Operating Lease Liabilities	<u>2,337,261</u>
 Total Long-Term Liabilities	 <u>2,337,261</u>
 Total Liabilities	 <u>3,315,256</u>

### Net Assets/(Deficit)

Net Assets Without Donor Restrictions:	
Undesignated	<u>(135,239)</u>
 Total Net Assets/(Deficit) Without Donor Restrictions	 <u>(135,239)</u>
 Total Net Assets/(Deficit)	 <u>(135,239)</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,180,017</u>

See Accompanying Notes to Financial Statements.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**  
**STATEMENT OF ACTIVITIES**  
**For The Period from September 27, 2021 (Inception) to June 30, 2023**

Revenues, Gains and Other Support:

Public School District:

Resident Student Enrollment	\$ 1,158,647
Federal Grants	887,507
State Grants	196,133
Food Service Fees	33,085
Contributions	1,000
Other Income	<u>1,814</u>

Total Revenues, Gains, and Other Support	<u>2,278,186</u>
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Expenses:

Program Services:

Regular Education	1,445,112
Special Education	48,096
Food Services	<u>82,148</u>

Total Program Services Expense	1,575,356
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Supporting Services:

Management and General	<u>838,069</u>
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Total Expenses	<u>2,413,425</u>
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Change in Net Assets	(135,239)
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Net Assets - Beginning of Year	<u>-</u>
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Net Assets - End of Year	<u><u>\$ (135,239)</u></u>
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See Accompanying Notes to Financial Statements.



**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Period from September 27, 2021 (Inception) to June 30, 2023**

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Food Services		
Personnel Services Costs						
Instructional Personnel	12	\$ 673,755	\$ -	\$ -	\$ -	\$ 673,755
Administrative Staff Personnel	7	27,679	19,500	-	382,503	429,682
Non-Instructional Personnel	3	46,894	-	15,503	-	62,397
Total Salaries	22	748,328	19,500	15,503	382,503	1,165,834
Employee Benefits and Payroll Taxes		119,260	7,020	1,576	104,179	232,035
Retirement Expense		60,312	-	-	26,274	86,586
Total Personnel Services		927,900	26,520	17,079	512,956	1,484,455
Rent		184,828	15,402	15,402	92,414	308,046
Other Purchased Services		29,996	-	-	159,559	189,555
Furniture		75,749	-	-	-	75,749
Staff Development		65,352	-	-	199	65,551
Food Service		-	-	43,493	-	43,493
Interest Expense		24,376	2,031	2,031	12,188	40,626
Supplies and Materials		39,051	-	-	152	39,203
Technology		25,097	-	-	9,236	34,333
Repairs and Maintenance		19,674	1,639	1,639	9,837	32,789
Depreciation		18,634	1,553	1,553	9,317	31,057
Office Expense		9,438	-	-	12,884	22,322
Insurance		11,409	951	951	5,705	19,016
Student Services		13,608	-	-	-	13,608
Legal		-	-	-	8,625	8,625
Other Expenses		-	-	-	2,687	2,687
Accounting and Auditing Fees		-	-	-	2,310	2,310
Total Expenses		<u>\$ 1,445,112</u>	<u>\$ 48,096</u>	<u>\$ 82,148</u>	<u>\$ 838,069</u>	<u>\$ 2,413,425</u>

See Accompanying Notes to Financial Statements.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**  
**STATEMENT OF CASH FLOWS**  
**For The Period from September 27, 2021 (Inception) to June 30, 2023**

Cash Flows From Operating Activities

Receipts from School Districts	\$ 1,156,183
Grants	1,019,275
Other Sources	31,202
Contributions	1,000
Payments for Interest	(40,626)
Payments to Vendors for Goods and Services Rendered	(725,931)
Payments to Charter School Personnel for Services Rendered	<u>(1,280,868)</u>

Net Cash Flows Provided/(Used) By Operating Activities 160,235

Cash Flows From Investing Activities

Purchase of Fixed Assets	<u>(402,298)</u>
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Net Cash Flows Provided/(Used) By Investing Activities (402,298)

Cash Flows From Financing Activities

Proceeds from Loan	700,000
Payments on Loan	<u>(300,000)</u>

Net Cash Flows Provided/(Used) By Financing Activities 400,000

Net Increase/(Decrease) in Cash and Cash Equivalents 157,937

Cash and Cash Equivalents - Beginning of Year -

Cash and Cash Equivalents - End of Year \$ 157,937

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**  
**STATEMENT OF CASH FLOWS**  
**For The Period from September 27, 2021 (Inception) to June 30, 2023**  
**(Continued)**

Reconciliation of Change in Net Assets to Net Cash

Provided by Operating Activities

Change in Net Assets	\$ (135,239)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	31,057
(Increase)/Decrease In:	
Accounts Receivable	(9,004)
Pledges and Grants Receivable	(216,036)
Deposits	(18,893)
Right-of-Use Assets - Operating Leases	234,973
Increase/(Decrease) In:	
Accounts Payable	49,774
Accrued Payroll	113,891
Accrued Liabilities	89,696
Operating Lease Liabilities	(137,491)
Due to River Campus	5,836
Refundable Advances	<u>151,671</u>
Net Cash Flows Provided/(Used) By Operating Activities	<u>\$ 160,235</u>

See Accompanying Notes to Financial Statements.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

Genesee Community Charter School - Flour City Campus (the School) is a nonprofit organization that provides an integrated educational experience that values diversity, community responsibility, and intellectual rigor. The School's place-based curriculum, focused on science and local history, engages students in investigation and discovery using the cultural and natural resources of the community. The School teaches children to become reflective questioners, articulate communicators, critical thinkers, and skilled problem-solvers. The School currently serves grades K-2 with plans to grow to K-6 by 2027. The School's revenue is predominantly Resident Student Enrollment fees from the Rochester City School District and a few other surrounding school districts. The School also receives federal and state grants, contributions, and other income.

The main programs of the School are as follows:

**REGULAR EDUCATION:** The School curriculum is organized around six historical time periods - Prehistory, First Peoples of the Americas/Explorers, Settlement and Colonial Life, Village to City, City Grows, and Today and Tomorrow. The School integrates Math, Science, Social Studies, Language Arts, Art, Music, and Physical Education to provide a rich and challenging curriculum, while keeping in alignment with the New York State Learning Standards.

**SPECIAL EDUCATION:** The School is open to all children and does not discriminate on the basis of ethnicity, national origin, gender, disability, or any other grounds that would be unlawful or deny the civil rights of any individual. In accordance with the Individuals with Disabilities Education Act, the Rehabilitation Act, Section 504, and the Americans with Disabilities Act, the School provides a free and appropriate education, in the least restrictive environment to students with disabilities. The primary service delivery for students with special needs is inclusion. For students requiring supplemental services, the School contracts with local individuals or agencies to provide the required services outlined in the student's Individual Education Plan or 504 Plan.

**FOOD SERVICES:** The School believes that healthy meals are an important part of a child's day. Breakfast and lunch are delivered and served "family style" every day, as the School does not have a cafeteria or kitchen facilities. The children eat and socialize with each other, parents, and teachers in their classrooms. All meals meet the required New York State Child Nutrition Standards, and the School subscribes to the New York State free and reduced priced meal program.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the School reports information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

There were no net assets with donor restrictions at June 30, 2023.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions

The School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. 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 met.

Revenue and Revenue Recognition

A portion of the 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 School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The School was awarded cost-reimbursable grants of \$394,513 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred, with an advance payment of \$151,671 recognized in the statement of financial position as a refundable advance.

The School recognizes revenue derived from tuition and food service. Tuition income is recognized during the school year based on enrollment. Food service revenue is recognized when earned at the time of service.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenue and expenses. Actual results could differ from those estimates.

Accounts, Pledges, and Grants Receivable

Accounts, pledges, and grants receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, if necessary, management provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at June 30, 2023.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In-Kind Contributions

Contributed nonfinancial assets may include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Contributed goods and services are recorded at fair value at the date of donation. The School does not sell donated gifts-in-kind. No significant contributions of such goods or services were received for the period from September 27, 2021 (Inception) to June 30, 2023.

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, and management and general categories. An immaterial amount of fund raising costs for the period ending June 30, 2023 are included in management and general expenses.

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated include occupancy, repairs and maintenance, insurance, interest, and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other expenses, which are allocated on the basis of estimates of time and effort for each category.

Income Taxes

The Internal Revenue Service has determined that the School is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for federal or state income taxes has been made.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fixed Assets

Leasehold improvements and equipment are stated at cost, less accumulated depreciation and amortization. The School capitalizes property and equipment with a cost of over \$5,000 and an estimated life of three or more years. The cost and accumulated depreciation of property items sold or retired are eliminated from the accounts. Minor expenditures for maintenance, repairs and renewals are expensed. Donated assets are recorded at their estimated fair market value at the time of donation.

Fixed assets consisted of the following at June 30, 2023:

Leasehold Improvements	\$ 345,279
Equipment	35,302
Construction In Progress	21,717
Less: Accumulated Depreciation	<u>(31,057)</u>
Leasehold Improvements and Equipment, Net	<u>\$ 371,241</u>

Depreciation is computed on a straight-line basis over the estimated useful lives of assets. The ranges of estimated useful lives used in computing depreciation are as follows:

	<u>Years</u>
Leasehold Improvements	5
Equipment	5-7

Depreciation expense amounted to \$31,057 for the period from September 27, 2021 (Inception) to June 30, 2023.



**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)**

Recent Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The main difference between the guidance in ASU 2020-07 and previous GAAP is the disclosure of a disaggregation of the amount of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the period, the School's policy about monetizing rather than utilizing the assets, a description of any donor-imposed restrictions associated with the assets, a description of the valuation techniques used, and the principal market used to arrive at a fair value measurement. During the period ended June 30, 2023 the School adopted ASU 2020-07 for its contributed nonfinancial assets. The School received no contributed nonfinancial assets during the period ending June 30, 2023.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the accounting for lease expenses. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. During the period ended June 30, 2023 the School adopted ASU 2016-02 for its leasing arrangements, along with the practical expedient, which allows modifications of contracts to be applied at the time of adoption. As a result of implementing ASU No. 2016-02, the School recognized right-of-use assets and lease liabilities totaling \$2,641,879 in its statements of financial position as of July 18, 2022.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities to be general expenditures.

At June 30, 2023, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 157,937
Accounts receivable	9,005
Grants receivable	<u>216,036</u>
	<u>\$ 382,978</u>

Resident Student Enrollment fees are received throughout the school year to provide additional funds for general expenditures.

**NOTE 3 - CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH**

For the purposes of the statements of cash flows, cash and cash equivalents include all cash on hand and in banks, which at times, may exceed federally insured limits. The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The School has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents. The School does not have any restricted cash. Cash and cash equivalents consisted a checking account at June 30, 2023.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 4 - LEASES**

The School determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The School does not report ROU assets and lease liabilities for its immaterial or short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

The School evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the School's right to use underlying assets for the lease term, and the lease liabilities represent the School's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The School has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The School's operating leases consist of a real estate lease for school operations and an equipment lease for a copier. The real estate lease term includes two five-year extensions, available at the School's option, which it is not reasonably certain to exercise. Therefore, the payments associated with these extensions are not included in the ROU asset and the lease liability recognized as of June 30, 2023.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted Average Remaining Lease Term

Operating leases	8.9 years
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Weighted Average Discount Rate

Operating leases	3%
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**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 4 - LEASES (Continued)**

Future maturities of lease liabilities are presented in the following table, for the years ending June 30:

	<u>Operating</u>
2024	\$ 242,159
2025	337,353
2026	337,353
2027	337,353
2028	332,087
Thereafter	<u>1,317,816</u>
Total Lease Payments	2,904,121
Less Present Value Discount	<u>(399,733)</u>
Total Lease Obligations	<u>\$ 2,504,388</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the period from September 27, 2021 (Inception) to June 30, 2023:

Operating lease expense included in program services expenses	\$ 220,898
Operating lease expense included in management and general expenses	<u>92,414</u>
Total operating lease costs	<u>\$ 313,312</u>

Supplemental Disclosures of Non-Cash Investing and Financing Activities

The following summarizes cash flow information related to leases for the period from September 27, 2021 (Inception) to June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 215,829
Lease assets obtained in exchange for lease obligations:	
Operating leases	\$ 2,641,879

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 5 - PENSION EXPENSE**

The School participates in the New York State Teachers' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employers are required to contribute at an actuarially determined rate. Rates applicable to the periods of July 1, 2022 to June 30, 2023 and September 27, 2021 to June 30, 2022 were 10.29% and 9.80%, respectively.

The retirement contribution expense totaled \$86,586 for the period ending June 30, 2023.

The School also has a 403(b) annuity retirement plan for its employees. After one year of service, employees at least 21 years of age that work a minimum of 1,000 hours annually, may contribute a portion of their taxable salary not to exceed the statutory limits each year. Eligible employees may also receive discretionary amounts the School contributes. The Board of Trustees voted not to make a discretionary contribution for the period ended June 30, 2023.

**NOTE 6 - SPECIAL EDUCATION AND OTHER SERVICES**

The majority of special education services required by students of the School are provided by the Rochester City School District. The Rochester City School District also provided transportation. The School was unable to determine a value for these services, thus, these financial statements do not reflect revenue or expenses associated with those services.

Occasionally, the School does need to offer special education services that are not provided through the Rochester City School District. The School uses contracted services at these times; the revenue and expense for these services have been included in the financial statements.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**(Continued)**

**NOTE 7 - LONG TERM DEBT**

Long-term debt consists of the following at June 30, 2023:

Note payable to a bank originally in the amount of \$700,000. This note bears interest at a rate of 1% above prime. Interest only payments are payable in monthly installments through July 30, 2023. Unpaid principal and interest are due August 30, 2023. This loan is guaranteed by Genesee Community Charter School - River Campus.

Less: Current Maturities  
Long-Term Portion

\$	400,000
	<u>(400,000)</u>
\$	<u>-</u>

**NOTE 8 - DONATED SERVICES AND GOODS**

The School receives donated services that do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the period from September 27, 2021 (Inception) to June 30, 2023, 14 board members donated 616 hours during the period from September 27, 2021 (Inception) to June 30, 2023.

The School's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the School. If an asset is provided that does not allow the School to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent to year-end, the School refinanced their note payable from a bank (as referenced in Note 7). The maturity date changed to August 30, 2028 and they will pay monthly interest only payments through February 28, 2024 at a variable rate of the greater of 1% above prime or 4%. The interest rate will change again at that point and they will begin also paying down principal.

Subsequent events have been evaluated through October 27, 2023, which is the date the statements were available for issuance.

**GENESEE COMMUNITY CHARTER SCHOOL - FLOUR CITY CAMPUS**

**SUPPLEMENTARY INFORMATION**

**For the Period From September 27, 2021 (Inception) to June 30, 2023**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the Board of Trustees  
Genesee Community Charter School - Flour City Campus  
Rochester, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Genesee Community Charter School - Flour City Campus (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the period from September 27, 2021 (Inception) to June 30, 2023, and the related notes to the financial statements and have issued our report thereon dated October 27, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Genesee Community Charter School - Flour City Campus' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Genesee Community Charter School - Flour City Campus' internal control. Accordingly, we do not express an opinion on the effectiveness of Genesee Community Charter School - Flour City Campus' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.





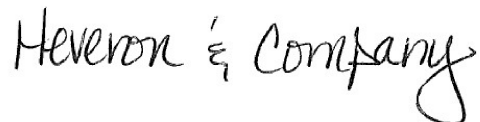
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Genesee Community Charter School - Flour City Campus' financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Heveron & Company  
Certified Public Accountants

Rochester, New York  
October 27, 2023