

**GENESEE COMMUNITY CHARTER SCHOOL**

**FINANCIAL STATEMENTS**

**June 30, 2024**



## TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	6
Statement of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	10
SUPPLEMENTARY INFORMATION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23



## INDEPENDENT AUDITORS' REPORT

To The Board of Trustees  
Genesee Community Charter School  
Rochester, New York

### Opinion

We have audited the accompanying financial statements of Genesee Community Charter School (a New York State nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, 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 as of June 30, 2024, and the changes in 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 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 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's 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'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 Genesee Community Charter School's ability to continue as a going concern for a reasonable period of time.

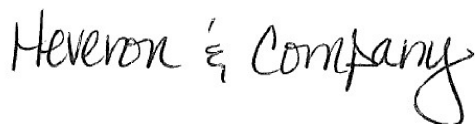
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited Genesee Community Charter School's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2023. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of Genesee Community 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 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's 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's internal control over financial reporting and compliance.



Heveron & Company CPAs

Rochester, New York

October 30, 2024

**GENESEE COMMUNITY CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2024 and 2023**

**ASSETS**

	<u>2024</u>	<u>2023</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 86,392	\$ 38,632
Accounts Receivable	83,672	58,936
Pledges and Grants Receivable	26,008	196,383
Other Receivables	8,395	5,836
Current Portion of Notes Receivable	69,921	-
Prepaid Expenses	<u>46,967</u>	<u>75,362</u>
Total Current Assets	<u>321,355</u>	<u>375,149</u>
<u>Fixed Assets</u>		
Leasehold Improvements and Equipment, Net	<u>173,206</u>	<u>302,410</u>
<u>Other Assets</u>		
Investments	560,830	1,024,403
Restricted Cash - Escrow Account	100,303	100,194
Right-of-Use-Assets - Operating Leases	125,969	381,109
Notes Receivable, Net of Current Portion	305,079	-
Deposits	<u>3,478</u>	<u>3,478</u>
Total Other Assets	<u>1,095,659</u>	<u>1,509,184</u>
TOTAL ASSETS	<u><u>\$ 1,590,220</u></u>	<u><u>\$ 2,186,743</u></u>

## LIABILITIES AND NET ASSETS

	2024	2023
<u>Current Liabilities</u>		
Line of Credit	\$ 28,942	\$ -
Accounts Payable	107,937	65,939
Accrued Payroll	261,205	276,738
Accrued Liabilities	240,921	222,309
Deferred Revenue	11,250	9,332
Current Portion of Operating Lease Liabilities	31,257	262,565
Total Current Liabilities	681,512	836,883
<u>Long-Term Liabilities</u>		
Operating Lease Liabilities, Net of Current Portion	94,712	125,969
Total Long-Term Liabilities	94,712	125,969
Total Liabilities	776,224	962,852
<u>Net Assets</u>		
Net Assets Without Donor Restrictions:		
Undesignated	713,996	373,891
Designated by the Board	100,000	850,000
Total Net Assets Without Donor Restrictions	813,996	1,223,891
Total Net Assets	813,996	1,223,891
TOTAL LIABILITIES AND NET ASSETS	\$ 1,590,220	\$ 2,186,743

See Accompanying Notes to Financial Statements.

**GENESEE COMMUNITY CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES**  
**For The Years Ended June 30, 2024 and 2023**

	2024	2023
<u>Revenues, Gains and Other Support:</u>		
Public School District:		
Resident Student Enrollment	\$ 3,060,112	\$ 2,973,988
Federal Grants	114,799	282,849
In Kind State Grants	30,877	17,208
Contributions	16,996	15,878
Food Service Fees	164,239	129,537
Field Study Fees	48,872	29,421
Other Income	2,699	2,926
Interest/Dividends Income	21,004	21,451
Net Investment Returns	70,703	43,406
Total Revenues, Gains, and Other Support	3,530,301	3,516,664
<u>Expenses:</u>		
<u>Program Services:</u>		
Regular Education	3,180,550	3,079,880
Special Education	68,799	77,607
Food Services	168,401	144,323
Total Program Services Expense	3,417,750	3,301,810
<u>Supporting Services:</u>		
Management and General	522,446	553,089
Total Expenses	3,940,196	3,854,899
Change in Net Assets	(409,895)	(338,235)
Net Assets - Beginning of Year	1,223,891	1,562,126
Net Assets - End of Year	\$ 813,996	\$ 1,223,891

See Accompanying Notes to Financial Statements.



**GENESEE COMMUNITY CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES**

**For The Year Ended June 30, 2024**

**(With Comparative Totals For The Year Ended June 30, 2023)**

	No. of Positions	Program Services			Management and General	Totals	
		Regular Education	Special Education	Food Services		2024	2023
Personnel Services Costs							
Instructional Personnel	29	\$ 1,639,175	\$ -	\$ -	\$ -	\$ 1,639,175	\$ 1,588,819
Administrative Staff Personnel	7	46,000	43,179	-	247,328	336,507	336,407
Non-Instructional Personnel	1	-	-	15,513	-	15,513	14,178
Total Salaries	37	1,685,175	43,179	15,513	247,328	1,991,195	1,939,404
Employee Benefits and Payroll Taxes		377,021	8,895	2,517	67,891	456,324	484,653
Retirement Expense		201,186	-	-	27,046	228,232	183,509
Total Personnel Services		2,263,382	52,074	18,030	342,265	2,675,751	2,607,566
Rent		278,176	9,071	3,024	12,095	302,366	283,943
Food Service		-	-	146,088	-	146,088	124,919
Student Services		144,008	-	-	-	144,008	150,693
Depreciation and Amortization		125,328	3,876	-	-	129,204	129,204
Other Purchased Services		62,296	-	-	66,462	128,758	139,601
Repairs and Maintenance		73,551	2,398	799	3,198	79,946	63,447
Office Expense		59,588	-	-	11,115	70,703	70,235
Legal		-	-	-	54,403	54,403	30,336
Staff Development		50,544	-	-	-	50,544	49,437
Insurance		42,328	1,380	460	1,840	46,008	47,653
Technology		45,994	-	-	-	45,994	94,854
Supplies and Materials		35,355	-	-	-	35,355	33,296
Accounting and Auditing Fees		-	-	-	28,685	28,685	25,685
Interest Expense		-	-	-	2,383	2,383	4,030
Total Expenses		<u>\$ 3,180,550</u>	<u>\$ 68,799</u>	<u>\$ 168,401</u>	<u>\$ 522,446</u>	<u>\$ 3,940,196</u>	<u>\$ 3,854,899</u>

See Accompanying Notes to Financial Statements.

**GENESEE COMMUNITY CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**  
**For The Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<u>Cash Flows From Operating Activities</u>		
Receipts from School Districts	\$ 3,035,543	\$ 2,949,107
Receipts from Food Service	154,612	154,956
Grants	296,424	232,207
Other Sources	72,575	53,797
Contributions	16,996	15,878
Payments for Bank for Interest	(2,383)	(4,030)
Payments to Vendors for Goods and Services Rendered	(1,038,883)	(1,055,093)
Payments to Charter School Personnel for Services Rendered	<u>(2,672,676)</u>	<u>(2,624,880)</u>
Net Cash Flows Provided/(Used) By Operating Activities	<u>(137,792)</u>	<u>(278,058)</u>
<u>Cash Flows From Investing Activities</u>		
(Increase)/Decrease in Other Receivables	(2,559)	382,034
Loan Funds	(375,000)	-
Proceeds from Sale of Investments	553,436	-
Purchase of Investments	<u>(19,158)</u>	<u>(21,374)</u>
Net Cash Flows Provided/(Used) By Investing Activities	<u>156,719</u>	<u>360,660</u>
<u>Cash Flows From Financing Activities</u>		
Proceeds from Line of Credit	149,542	-
Payments on Line of Credit	<u>(120,600)</u>	<u>(141,417)</u>
Net Cash Flows Provided/(Used) By Financing Activities	<u>28,942</u>	<u>(141,417)</u>
Net Increase/(Decrease) in Cash, Cash Equivalents, and Restricted Cash	47,869	(58,815)
Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	<u>138,826</u>	<u>197,641</u>
Cash and Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 186,695</u>	<u>\$ 138,826</u>

**GENESEE COMMUNITY CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**  
**For The Years Ended June 30, 2024 and 2023**  
**(Continued)**

	2024	2023
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$ (409,895)	\$ (338,235)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	129,204	129,204
Net Investment Returns	(70,703)	(43,406)
(Increase)/Decrease In:		
Accounts Receivable	(24,738)	(8,797)
Pledges and Grants Receivable	170,375	(50,642)
Prepaid Expenses	28,395	17,726
Operating Lease Asset	255,140	222,589
Increase/(Decrease) In:		
Accounts Payable	41,998	16,647
Accrued Payroll	(15,533)	(7,694)
Accrued Liabilities	18,612	(9,618)
Deferred Revenue	1,918	9,332
Operating Lease Liability	(262,565)	(215,164)
Net Cash Flows Provided/(Used) By Operating Activities	\$ (137,792)	\$ (278,058)

See Accompanying Notes to Financial Statements.

**GENESEE COMMUNITY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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

Genesee Community Charter School (the School) is a nonprofit organization that was formed to provide a rich educational experience that values intellectual rigor, respect for diversity, and community responsibility. The School's local history-based and globally-connected programs immerse the children in investigation and discovery, extensively using the cultural and natural resources of the Rochester, NY community. The School focuses on nurturing the children's natural abilities to be reflective questioners, articulate communicators, critical thinkers, and skilled problem solvers, enabling them to reach exemplary standards. 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**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**

**(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. The governing board has designated net assets. See Note 7 for more information.

*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, 2024 and 2023.

Deferred Revenue

Deferred revenue represents funds received related to the next school year.

**GENESEE COMMUNITY CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**

**(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.

Funding sources may, at their discretion, amend the grant and contract amounts. In addition, reimbursement for expenses or return of funds, or both, may be requested as a result of noncompliance by the School with the terms of the grants and contracts. The School records such amendments, reimbursements, and returns of funds as an adjustment to revenue in the year of the amendment.

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.

Pledges and Grants Receivable

Pledges and grants receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts based on its assessment of the current status of receivables from grants, agencies, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off. There was no allowances for doubtful accounts at June 30, 2024 and 2023.

**GENESEE COMMUNITY CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**

**(Continued)**

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

Accounts Receivable

Accounts 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, management evaluates the need for and, if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determines the allowance for uncollectible accounts receivable based on historical information, adjusted for current conditions, and reasonable and supportable forecasts. Management determined that no allowances were necessary at June 30, 2024 and 2023.

Reclassifications

Certain account balances as of June 30, 2023 have been reclassified to conform with the presentation as of June 30, 2024.

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a framework 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 method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method 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 by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset 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.

**GENESEE COMMUNITY CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**

**(Continued)**

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

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.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total. 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 School's financial statements for the year ended June 30, 2023 from which the summarized information was derived.

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 years ended June 30, 2024 and 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, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, other purchased services, office expenses, insurance, and other expenses, which are allocated on the basis of estimates of time and effort for each category.

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. See Note 10 for contributions of such goods or services received during the years ended June 30, 2024 and 2023.

Advertising

Advertising costs are expensed as incurred.



**GENESEE COMMUNITY CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**

**(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:

	<u>2024</u>	<u>2023</u>
Leasehold Improvements	\$ 2,020,999	\$ 2,020,999
Equipment	362,025	362,025
Less: Accumulated Depreciation and Amortization	<u>(2,209,818)</u>	<u>(2,080,614)</u>
Leasehold Improvements and Equipment, Net	<u>\$ 173,206</u>	<u>\$ 302,410</u>

Depreciation and amortization 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	7-12
Equipment	3-10

Depreciation and amortization expense amounted to \$129,204 for the years ended June 30, 2024 and 2023.

Recent Accounting Pronouncements

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 year 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 \$603,699 in its statements of financial position.

**GENESEE COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024  
(Continued)**

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

Recent Accounting Pronouncements (Continued)

On July 1, 2023, the School adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The School adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective transition approach for all financial assets. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. This required recognition had no current impact to the School’s financial statements.

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

	2024	2023
Cash and cash equivalents	\$ 86,392	\$ 38,632
Accounts receivable	83,672	58,936
Other receivables	8,395	5,836
Pledges and grants receivable	26,008	196,383
Investments	560,830	1,024,403
Notes Receivable	69,921	-
Less: Board Designated	-	(750,000)
	\$ 835,218	\$ 574,190

**GENESEE COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024  
(Continued)**

**NOTE 2 - LIQUIDITY AND AVAILABILITY (Continued)**

Resident Student Enrollment fees are received throughout the school year to provide additional funds for general expenditures. The School also has a line of credit of \$200,000 available if needed, of which \$28,942 was used at June 30, 2024. There was no outstanding balance at June 30, 2023.

**NOTE 3 - NOTES RECEIVABLE**

The School currently has a Demand Note Receivable for \$175,000, at an interest rate of one percent per annum with Genesee Community Charter School - Flour City Campus. Interest only is due monthly.

The School also has a Note Receivable for \$200,000, at an interest rate of one percent per annum with Genesee Community Charter School - Flour City Campus. Payments of interest and principal in the amount of \$4,252 are due monthly through January 2028.

**NOTE 4 - CASH, CASH EQUIVALENTS, AND RESTRICTED CASH**

For the purposes of the statements of cash flows, cash, cash equivalents, and restricted cash 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, cash equivalents, and restricted cash.

The 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 related to the dissolution of the School.

Cash, cash equivalents, and restricted cash consisted of the following at June 30:

	2024	2023
Checking	\$ 66,739	\$ 25,824
Money Market	19,653	12,808
Total Cash and Cash Equivalents	86,392	38,632
Restricted Cash - Escrow	100,303	100,194
Total Cash and Cash Equivalents, and Restricted Cash	\$ 186,695	\$ 138,826

**GENESEE COMMUNITY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(Continued)**

**NOTE 5 - LINE OF CREDIT**

The School has a line of credit with a maximum authorization of \$200,000. Advances against this line bears interest at a rate of 1.5% above the current bank prime rate. The amount outstanding at June 30, 2024 was \$28,942. There was no outstanding balance at June 30, 2023.

**NOTE 6 - INVESTMENTS**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the accompanying financial statements.

A summary of investments at market value at June 30, is as follows:

	<u>2024</u>	<u>2023</u>
Mutual Funds - Equities	\$ 362,243	\$ 450,918
Mutual Funds - Bonds	198,587	573,485
Total	<u>\$ 560,830</u>	<u>\$ 1,024,403</u>

Mutual fund investments are based on Level 1 inputs in the hierarchy as described in Note 1. There were no changes in the valuation techniques during the year.

**NOTE 7 - BOARD-DESIGNATED NET ASSETS**

As of June 30, 2024 and 2023, the board-designated net assets included \$100,000 to be held in an escrow account in case of a future dissolution as required by the New York State Department of Education.

In addition, as of June 30, 2023, the board-designated net assets included \$750,000 to assist with a new charter school that will be a replication of their existing school. This designation was released during the year ended June 30, 2024.

**GENESEE COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024  
(Continued)**

**NOTE 8 - 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 through August 2024. All rent was paid by June 30, 2024 based on the terms of the lease. After year-end, the lease was extended for one year with an option to renew for an additional year. Due to the lease not being in effect until September 1, 2024, the payments associated with this extension are not included in the ROU asset and the lease liability recognized as of June 30, 2024.

The School also has an equipment lease for a copier through April 2028.

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

	<u>2024</u>	<u>2023</u>
<u>Weighted Average Remaining Lease Term</u>		
Operating leases	3.8 years	2.5 years
<u>Weighted Average Discount Rate</u>		
Operating leases	3.5%	3.2%

**GENESEE COMMUNITY CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**

**(Continued)**

**NOTE 8 - LEASES (Continued)**

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

2025	\$	35,665
2026		35,665
2027		35,665
2028		<u>29,721</u>
Total Lease Payments		136,716
Less Present Value Discount		<u>(10,747)</u>
Total Lease Obligations	\$	<u><u>125,969</u></u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease expense included in program services expenses	\$ 257,990	\$ 229,457
Operating lease expense included in management and general expenses	<u>10,750</u>	<u>9,561</u>
Total operating lease costs	<u><u>\$ 268,740</u></u>	<u><u>\$ 239,018</u></u>

Supplemental Disclosures of Non-Cash Investing and Financing Activities

The following summarizes cash flow information related to leases for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 276,164	\$ 231,594
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ 161,172	603,699

**GENESEE COMMUNITY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(Continued)**

**NOTE 9 - 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 fiscal years ended June 30, 2024 and 2023 were 9.76% and 10.29%, respectively.

The retirement contribution expense totaled \$172,229 and \$183,509 for the years ended June 30, 2024 and 2023, respectively.

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 years ended June 30, 2024 and 2023.

**NOTE 10 - 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 years ended June 30, 2024 and 2023, approximately 166 and 95 families provided 1,560 and 1,975 hours of service, respectively. There were also 10 and 14 board members who donated 230 and 365 hours during the years ended June 30, 2024 and 2023, respectively. Volunteers help with many tasks at the School such as serving meals, chaperoning field studies, preparing classroom materials, and serving on the board.

**GENESEE COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**

**(Continued)**

**NOTE 11 - 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.

The School also receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Rochester City School District. The total aid received for the years ended June 30, 2024 and 2023 was \$30,877 and \$17,208, respectively.

**NOTE 12 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 30, 2024, which is the date the statements were available for issuance.



**GENESEE COMMUNITY CHARTER SCHOOL**

**SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2024**



**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  
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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 30, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Genesee Community Charter School's 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's internal control. Accordingly, we do not express an opinion on the effectiveness of Genesee Community Charter School's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or 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.

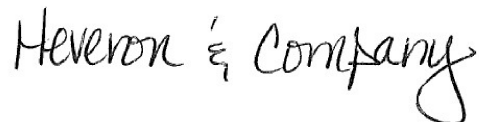
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in cursive script that reads "Heveron & Company".

Heveron & Company CPAs

Rochester, New York

October 30, 2024