

**UNIVERSITY PREPARATORY CHARTER  
SCHOOL FOR YOUNG MEN**

**FINANCIAL STATEMENTS**

**June 30, 2020**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
University Preparatory Charter School for Young Men  
Rochester, New York

We have audited the accompanying financial statements of University Preparatory Charter School for Young Men (a New York State nonprofit organization), which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of cash flows for the years then ended, the statements of activities and functional expenses for the year ended June 30, 2020, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

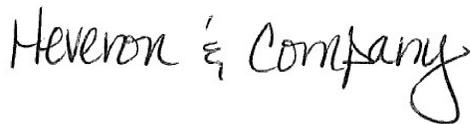
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Preparatory Charter School for Young Men as of June 30, 2020 and 2019, and its cash flows for the years then ended, and the changes in net assets and functional expenses for the year ended June 30, 2020 in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited University Preparatory Charter School for Young Men's statements of activities and functional expenses for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2019. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2019 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 September 10, 2020 on our consideration of University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's internal control over financial reporting and compliance.



Heveron & Company  
Certified Public Accountants

Rochester, New York  
September 10, 2020

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**BALANCE SHEETS**  
**June 30, 2020 and 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 4,462,979	\$ 3,093,522
Grants Receivable	81,928	209,560
Accounts Receivable	73,474	-
Prepaid Expenses	<u>-</u>	<u>46,002</u>
Total Current Assets	<u>4,618,381</u>	<u>3,349,084</u>
 <u>Property and Equipment</u>		
Building and Improvements	5,706,963	5,459,409
Furniture and Fixtures	877,515	738,066
Vehicles	100,222	47,222
Less: Accumulated Depreciation	<u>(2,273,579)</u>	<u>(1,887,907)</u>
Net Property and Equipment	<u>4,411,121</u>	<u>4,356,790</u>
 <u>Other Assets</u>		
Escrow Account	<u>76,611</u>	<u>75,865</u>
Total Other Assets	<u>76,611</u>	<u>75,865</u>
 TOTAL ASSETS	 <u>\$ 9,106,113</u>	 <u>\$ 7,781,739</u>

## LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 19,931	\$ 56,359
Accrued Payroll and Payroll Taxes	574,323	223,295
Loan Payable	<u>513,318</u>	<u>-</u>
Total Current Liabilities	<u>1,107,572</u>	<u>279,654</u>
 <u>Long-Term Debt</u>		
Loan Payable	<u>805,457</u>	<u>-</u>
Total Long Term Debt	<u>805,457</u>	<u>-</u>
Total Liabilities	<u>1,913,029</u>	<u>279,654</u>
 <u>Net Assets</u>		
Without Donor Restrictions:		
Undesignated	7,150,298	7,494,585
With Donor Restrictions:		
Purpose Restrictions	<u>42,786</u>	<u>7,500</u>
Total Net Assets	<u>7,193,084</u>	<u>7,502,085</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 9,106,113</u></u>	<u><u>\$ 7,781,739</u></u>

See Independent Auditors' Report and Notes to Financial Statements.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2020**  
**(With Comparative Totals for the Year Ended June 30, 2019)**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2020</u>	<u>2019</u>
<u>Revenue and Other Support</u>				
Public School District:				
Resident Student Enrollment	\$ 5,436,016	\$ -	\$ 5,436,016	\$ 4,645,645
Students with Disabilities	390,035	-	390,035	483,962
Special Charter School Aid	-	-	-	89,670
Federal Grants - Title and IDEA	267,577	-	267,577	300,929
Federal - Other	27,457	-	27,457	76,719
State Grants	221,168	-	221,168	132,650
Other Grants and Contributions	105,307	35,286	140,593	17,215
Food Service Income	208,012	-	208,012	259,436
Other Income	<u>57,661</u>	<u>-</u>	<u>57,661</u>	<u>83,263</u>
Total Revenue and Other Support	<u>6,713,233</u>	<u>35,286</u>	<u>6,748,519</u>	<u>6,089,489</u>
<u>Expenses</u>				
Program Expenses:				
Regular Education	5,073,554	-	5,073,554	5,694,996
Special Education	458,180	-	458,180	612,089
Food Services	<u>279,230</u>	<u>-</u>	<u>279,230</u>	<u>298,178</u>
Total Program Expenses	<u>5,810,964</u>	<u>-</u>	<u>5,810,964</u>	<u>6,605,263</u>
Supporting Services:				
Management and General	<u>1,246,556</u>	<u>-</u>	<u>1,246,556</u>	<u>672,038</u>
Total Expenses	<u>7,057,520</u>	<u>-</u>	<u>7,057,520</u>	<u>7,277,301</u>
Change in Net Assets	(344,287)	35,286	(309,001)	(1,187,812)
Net Assets - Beginning of Year	<u>7,494,585</u>	<u>7,500</u>	<u>7,502,085</u>	<u>8,689,897</u>
Net Assets - End of Year	<u>\$ 7,150,298</u>	<u>\$ 42,786</u>	<u>\$ 7,193,084</u>	<u>\$ 7,502,085</u>

See Independent Auditors' Report and Notes to Financial Statements.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**For The Year Ended June 30, 2020**

**(With Comparative Totals for the Year Ended June 30, 2019)**

	2020 No. of <u>Positions</u>	<u>Program Services</u>			<u>Management and General</u>	<u>Totals</u>	
		<u>Regular Education</u>	<u>Special Education</u>	<u>Food Services</u>		<u>2020</u>	<u>2019</u>
Personnel Service Costs							
Instructional Personnel	47	\$ 2,428,222	\$ 288,568	\$ -	\$ -	\$ 2,716,790	\$ 3,051,207
Non-Instructional Personnel	11	233,401	-	85,362	9,827	328,590	276,815
Administrative Personnel	<u>19</u>	<u>515,658</u>	<u>-</u>	<u>-</u>	<u>882,975</u>	<u>1,398,633</u>	<u>1,271,825</u>
Total Salaries and Wages	77	3,177,281	288,568	85,362	892,802	4,444,013	4,599,847
Fringe Benefits and Payroll Taxes		730,497	66,345	19,626	205,267	1,021,735	847,209
Retirement		<u>176,773</u>	<u>16,055</u>	<u>4,749</u>	<u>49,673</u>	<u>247,250</u>	<u>231,500</u>
Total Personnel Services		4,084,551	370,968	109,737	1,147,742	5,712,998	5,678,556
Depreciation		335,882	30,506	3,857	15,427	385,672	365,000
Other Purchased Services		209,289	16,395	-	33,151	258,835	347,711
Supplies		158,358	14,383	10,206	-	182,947	206,895
Food		-	-	147,704	-	147,704	163,126
Office Expense		89,940	8,169	-	11,646	109,755	87,080
Utilities		63,188	5,739	725	2,903	72,555	89,213
Repairs and Maintenance		32,629	2,964	375	1,498	37,466	59,154
Staff Development		33,128	3,009	-	-	36,137	68,577
Student Services		31,832	2,891	-	-	34,723	79,258
Insurance		23,246	2,111	267	2,870	28,494	31,354

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**For The Year Ended June 30, 2020**

**(With Comparative Totals for the Year Ended June 30, 2019)**

**(Continued)**

	<u>Program Services</u>				<u>Totals</u>	
	<u>Regular Education</u>	<u>Special Education</u>	<u>Food Services</u>	<u>Management and General</u>	<u>2020</u>	<u>2019</u>
Occupancy Expense	6,600	599	6,359	652	14,210	17,172
Other Expenses	93	8	-	12,092	12,193	18,167
Accounting	-	-	-	11,925	11,925	11,080
Legal	-	-	-	5,467	5,467	26,949
Technology	3,254	296	-	1,183	4,733	15,032
Marketing	1,564	142	-	-	1,706	12,977
<b>Total Expenses</b>	<b><u>\$ 5,073,554</u></b>	<b><u>\$ 458,180</u></b>	<b><u>\$ 279,230</u></b>	<b><u>\$ 1,246,556</u></b>	<b><u>\$ 7,057,520</u></b>	<b><u>\$ 7,277,301</u></b>

See Independent Auditors' Report and Notes to Financial Statements.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**STATEMENTS OF CASH FLOWS**  
**For The Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<u>Cash Flow From Operating Activities</u>		
Receipts from School Districts	\$ 5,747,787	\$ 5,150,425
Federal and State Grant Receipts	599,345	480,945
Food Service Fees	208,012	259,436
Other Grants and Contributions	98,473	29,307
Miscellaneous Sources	57,661	83,263
Payments to Charter School Personnel for Services Rendered	(5,361,970)	(5,471,565)
Payments to Vendors for Goods and Services Rendered	<u>(857,877)</u>	<u>(1,233,951)</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>491,431</u>	<u>(702,140)</u>
 <u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	(440,003)	(211,075)
Proceeds from Certificates of Deposit	-	233,292
Purchase of Certificates of Deposit	<u>-</u>	<u>(580)</u>
Cash Flow Provided/(Used) By Investing Activities	<u>(440,003)</u>	<u>21,637</u>
 <u>Cash Flow From Financing Activities</u>		
Proceeds from Loan Payable	<u>1,318,775</u>	<u>-</u>
Cash Flow Provided By Financing Activities	<u>1,318,775</u>	<u>-</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents, and Restricted Cash	1,370,203	(680,503)
 Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	<u>3,169,387</u>	<u>3,849,890</u>
 Cash and Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 4,539,590</u>	<u>\$ 3,169,387</u>

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**STATEMENTS OF CASH FLOWS**  
**For The Years Ended June 30, 2020 and 2019**  
**(Continued)**

	<u>2020</u>	<u>2019</u>
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$ (309,001)	\$(1,187,812)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	385,672	365,000
Bad Debt	12,092	-
(Increase)/Decrease In:		
Accounts Receivable	(85,566)	25,683
Grants Receivable	127,632	(91,281)
Prepaid Expenses	46,002	(46,002)
Increase/(Decrease) In:		
Accounts Payable	(36,428)	25,281
Accrued Payroll and Payroll Taxes	<u>351,028</u>	<u>206,991</u>
Net Cash Flows Provided/(Used) By Operating Activities	<u>\$ 491,431</u>	<u>\$ (702,140)</u>

See Independent Auditors' Report and Notes to Financial Statements.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

Organization

University Preparatory Charter School for Young Men (the School) is a nonprofit educational organization in Rochester, New York. It was formed to be a small school for young men with personalized attention for each student. The School provides a safe and secure learning environment where respect and compassion are values for adults and students for grades 7-12. The School obtains its support directly and indirectly from organizations and government agencies in the community.

The main programs of the School are as follows:

**REGULAR EDUCATION:** The School curriculum encourages and promotes young men to be involved, to be active in their learning, and to learn together. The School provides preparation not just for graduation, but for success in college. It is also a place for young men to play sports and engage in exciting, healthy, extracurricular activities. All courses align with the New York State Learning Standards.

**SPECIAL EDUCATION:** 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 has employees on staff 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 served every day. All meals are intended to meet the required New York State Child Nutrition Standards, and the School subscribes to the New York State free and reduced priced meal program.

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.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020  
(Continued)**

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

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.

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, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Accounts and Grants Receivable

Receivables 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 determined that no allowances were necessary at June 30, 2020 and 2019.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020  
(Continued)**

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

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 balance sheet.

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.

The School has analyzed the provisions of ASU 2014-09, *Revenue from Contracts with Customers*, and has determined that no significant changes in the way the school recognizes revenue are necessary, however, the presentation and disclosures of revenue has been enhanced.

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.

Property and Equipment

Property and equipment are stated at cost. The School capitalizes property and equipment with a cost of over \$1,000 and an estimated life of three or more years. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows.

	<u>Years</u>
Building and Improvements	20
Furniture and Fixtures	3-5
Vehicles	5

Depreciation expense amounted to \$385,672 and \$365,000 for the years ended June 30, 2020 and 2019, respectively.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
**(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.

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 services, and management and general. An immaterial amount of fund raising costs for the years ended June 30, 2020 and 2019 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 and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, other purchased services, student services, supplies, office expenses, and other expenses, which are allocated on the basis of time and effort for each category.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. 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, 2019, from which the summarized information was derived.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020  
(Continued)**

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

Recent Accounting Pronouncements

During 2018, the School adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classifications and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include, when applicable, the presentation of two classes of net assets versus the previously required three. The guidance also enhances disclosures for board designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. This guidance implements a single framework for recognition of all revenue earned with customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, timing, and uncertainty of revenues and cash flows arising from contracts with customers. The guidance is effective for the School's year ended June 30, 2020.

During the year ended June 30, 2020, the School adopted ASU No. 2014-09 along with the practical expedient, which allows modifications to contracts to be applied at the time of adoption. The School receives revenue from several sources and recognizes revenue based on when performance obligations are met.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional or unconditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of June 30, 2019.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,462,979	\$ 3,093,522
Accounts receivable	73,474	-
Grants receivable	81,928	209,560
Less donor restricted net assets	<u>(42,786)</u>	<u>(7,500)</u>
Total	<u>\$ 4,575,595</u>	<u>\$ 3,295,582</u>

**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. Certain of these accounts are not federally insured. 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 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 and cash equivalents, and restricted cash consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Checking	\$ 4,457,971	\$ 174,105
Savings and Money Market	<u>5,008</u>	<u>2,919,417</u>
Subtotal - Cash and Cash Equivalents	4,462,979	3,093,522
Restricted Cash - Escrow Account	<u>76,611</u>	<u>75,865</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 4,539,590</u>	<u>\$ 3,169,387</u>

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
**(Continued)**

**NOTE 4 - EMPLOYEE BENEFIT PLAN**

The School has a 403(b) retirement plan. Eligible employees can make contributions to the plan. Employees are fully and immediately vested in all contributions. The School will make non-elective contributions at the Board's discretion. Employer contributions for the years ended June 30, 2020 and 2019 were \$247,250 and \$231,500, respectively.

**NOTE 5 - LOAN PAYABLE**

In April 2020, the School applied for and was approved to receive a \$1,318,775 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The School may be eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The current portion of the loan at June 30, 2020 is \$513,318.

Maturities of long-term debt for the years after June 30, 2021 are as follows:

<u>Year Ended</u>	<u>Amount</u>
2022	\$ 805,457

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

Some of the special education services required by students of the School are provided by the Rochester City School District. The Rochester City School District also provides 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.

Additionally, the School does provide certain special education services with its own staff and facilities.

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, 2020 and 2019 was \$32,398 and \$15,650, respectively.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
**(Continued)**

**NOTE 7 - DONATED SERVICES AND GOODS**

The School receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During 2020 and 2019, 10 and 8 active volunteers provided 220 and 192 hours of service, respectively.

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Professional Development	\$ 28,000	\$ -
Career and Technical Education Program	7,500	7,500
Technology	<u>7,286</u>	<u>-</u>
Total Net Assets with Donor Restrictions	<u>\$ 42,786</u>	<u>\$ 7,500</u>

**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 10, 2020, which is the date the statements were available for issuance.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.



**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  
University Preparatory Charter School for Young Men  
Rochester, NY

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 University Preparatory Charter School for Young Men which comprise the balance sheet as of June 30, 2020, and the related statements of activities and functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered University Preparatory Charter School for Young Men's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of University Preparatory Charter School for Young Men's internal control. Accordingly, we do not express an opinion on the effectiveness of University Preparatory Charter School for Young Men'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.



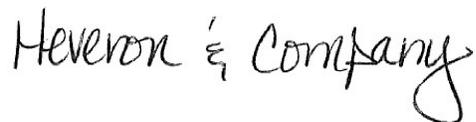
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether University Preparatory Charter School for Young Men'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 determination of financial statement amounts. 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  
September 10, 2020