

**UNIVERSITY PREPARATORY CHARTER  
SCHOOL FOR YOUNG MEN**

**FINANCIAL STATEMENTS**

**June 30, 2021**



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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, 2021 and 2020, 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, 2021, 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.

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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**

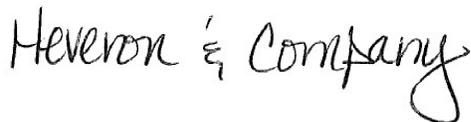
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Preparatory Charter School for Young Men as of June 30, 2021 and 2020, and its cash flows for the years then ended, and the changes in net assets and functional expenses for the year ended June 30, 2021 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, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2020. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial 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 9, 2021 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 9, 2021

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**BALANCE SHEETS**  
**June 30, 2021 and 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 4,482,410	\$ 4,462,979
Grants Receivable	215,389	81,928
Accounts Receivable	<u>45,548</u>	<u>73,474</u>
Total Current Assets	<u>4,743,347</u>	<u>4,618,381</u>
<u>Property and Equipment</u>		
Building and Improvements	5,736,563	5,706,963
Furniture and Fixtures	774,133	877,515
Vehicles	74,000	100,222
Less: Accumulated Depreciation	<u>(2,443,406)</u>	<u>(2,273,579)</u>
Net Property and Equipment	<u>4,141,290</u>	<u>4,411,121</u>
<u>Other Assets</u>		
Escrow Account	<u>76,826</u>	<u>76,611</u>
Total Other Assets	<u>76,826</u>	<u>76,611</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 8,961,463</b></u>	<u><b>\$ 9,106,113</b></u>

## LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 72,325	\$ 19,931
Accrued Payroll and Payroll Taxes	581,441	574,323
Current Portion of Loan Payable	<u>1,318,775</u>	<u>513,318</u>
Total Current Liabilities	<u>1,972,541</u>	<u>1,107,572</u>
 <u>Long-Term Debt</u>		
Loan Payable	<u>-</u>	<u>805,457</u>
Total Long-Term Debt	<u>-</u>	<u>805,457</u>
Total Liabilities	<u>1,972,541</u>	<u>1,913,029</u>
 <u>Net Assets</u>		
Without Donor Restrictions:		
Undesignated	6,974,136	7,150,298
With Donor Restrictions:		
Purpose Restrictions	<u>14,786</u>	<u>42,786</u>
Total Net Assets	<u>6,988,922</u>	<u>7,193,084</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,961,463</u>	 <u>\$ 9,106,113</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, 2021**  
**(With Comparative Totals for the Year Ended June 30, 2020)**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
<u>Revenue and Other Support</u>				
Public School District:				
Resident Student Enrollment	\$ 5,619,200	\$ -	\$ 5,619,200	\$ 5,436,016
Students with Disabilities	294,738	-	294,738	390,035
Federal Grants - Title and IDEA	271,211	-	271,211	267,577
Federal - Other	213,996	-	213,996	27,457
State Grants	37,364	-	37,364	221,168
Other Grants and Contributions	5,288	-	5,288	140,593
Food Service Income	40,641	-	40,641	208,012
Other Income	22,212	-	22,212	57,661
Released from Restrictions	<u>28,000</u>	<u>(28,000)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>6,532,650</u>	<u>(28,000)</u>	<u>6,504,650</u>	<u>6,748,519</u>
<u>Expenses</u>				
Program Expenses:				
Regular Education	4,762,365	-	4,762,365	5,073,554
Special Education	512,066	-	512,066	458,180
Food Services	<u>157,189</u>	<u>-</u>	<u>157,189</u>	<u>279,230</u>
Total Program Expenses	<u>5,431,620</u>	<u>-</u>	<u>5,431,620</u>	<u>5,810,964</u>
Supporting Services:				
Management and General	<u>1,277,192</u>	<u>-</u>	<u>1,277,192</u>	<u>1,246,556</u>
Total Expenses	<u>6,708,812</u>	<u>-</u>	<u>6,708,812</u>	<u>7,057,520</u>
Change in Net Assets	(176,162)	(28,000)	(204,162)	(309,001)
Net Assets - Beginning of Year	<u>7,150,298</u>	<u>42,786</u>	<u>7,193,084</u>	<u>7,502,085</u>
Net Assets - End of Year	<u>\$ 6,974,136</u>	<u>\$ 14,786</u>	<u>\$ 6,988,922</u>	<u>\$ 7,193,084</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, 2021**

**(With Comparative Totals for the Year Ended June 30, 2020)**

	2021 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>2021</u>	<u>2020</u>
Personnel Service Costs							
Instructional Personnel	46	\$ 2,309,081	\$ 326,584	\$ -	\$ -	\$ 2,635,665	\$ 2,716,790
Non-Instructional Personnel	9	232,528	-	87,931	9,790	330,249	328,590
Administrative Personnel	19	495,718	-	-	899,053	1,394,771	1,398,633
Total Salaries and Wages	74	3,037,327	326,584	87,931	908,843	4,360,685	4,444,013
Fringe Benefits and Payroll Taxes		690,986	74,297	20,004	206,761	992,048	1,021,735
Retirement		166,906	17,946	4,832	49,943	239,627	247,250
Total Personnel Services		3,895,219	418,827	112,767	1,165,547	5,592,360	5,712,998
Depreciation		351,014	37,742	4,092	16,369	409,217	385,672
Other Purchased Services		186,977	20,104	-	41,509	248,590	258,835
Supplies		113,862	12,243	8,352	-	134,457	182,947
Utilities		68,283	7,342	796	3,184	79,605	72,555
Office Expense		54,515	5,862	-	18,528	78,905	109,755
Student Services		26,473	2,846	-	-	29,319	34,723
Food		-	-	28,084	-	28,084	147,704
Repairs and Maintenance		23,084	2,482	269	1,077	26,912	37,466
Insurance		19,855	2,135	206	826	23,022	28,494
Legal		-	-	-	15,403	15,403	5,467

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

**For The Year Ended June 30, 2021**

**(With Comparative Totals for the Year Ended June 30, 2020)**

**(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>2021</u>	<u>2020</u>
Accounting	-	-	-	11,680	11,680	11,925
Staff Development	9,849	1,059	-	-	10,908	36,137
Technology	7,268	781	-	2,683	10,732	4,733
Occupancy Expense	5,261	568	2,623	386	8,838	14,210
Other Expenses	598	64	-	-	662	12,193
Marketing	107	11	-	-	118	1,706
 Total Expenses	 <u>\$ 4,762,365</u>	 <u>\$ 512,066</u>	 <u>\$ 157,189</u>	 <u>\$ 1,277,192</u>	 <u>\$ 6,708,812</u>	 <u>\$ 7,057,520</u>

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flow From Operating Activities</u>		
Receipts from School Districts	\$ 5,941,863	\$ 5,747,787
Federal and State Grant Receipts	371,741	599,345
Food Service Fees	40,641	208,012
Other Grants and Contributions	5,289	98,473
Miscellaneous Sources	22,212	57,661
Payments to Charter School Personnel for Services Rendered	(5,585,242)	(5,361,970)
Payments to Vendors for Goods and Services Rendered	<u>(637,470)</u>	<u>(857,877)</u>
Net Cash Flow Provided By Operating Activities	<u>159,034</u>	<u>491,431</u>
 <u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	<u>(139,388)</u>	<u>(440,003)</u>
Cash Flow Used By Investing Activities	<u>(139,388)</u>	<u>(440,003)</u>
 <u>Cash Flow From Financing Activities</u>		
Proceeds from Loan Payable	<u>-</u>	<u>1,318,775</u>
Cash Flow Provided By Financing Activities	<u>-</u>	<u>1,318,775</u>
 Net Increase in Cash and Cash Equivalents, and Restricted Cash	19,646	1,370,203
 Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	<u>4,539,590</u>	<u>3,169,387</u>
 Cash and Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 4,559,236</u>	<u>\$ 4,539,590</u>

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**STATEMENTS OF CASH FLOWS**  
**For The Years Ended June 30, 2021 and 2020**  
**(Continued)**

	2021	2020
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$ (204,162)	\$ (309,001)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	409,217	385,672
Bad Debt	-	12,092
(Increase)/Decrease In:		
Accounts Receivable	27,926	(85,566)
Grants Receivable	(133,461)	127,632
Prepaid Expenses	-	46,002
Increase/(Decrease) In:		
Accounts Payable	52,396	(36,428)
Accrued Payroll and Payroll Taxes	7,118	351,028
Net Cash Flows Provided By Operating Activities	<u>\$ 159,034</u>	<u>\$ 491,431</u>

See Independent Auditors' Report and Notes to Financial Statements.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**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, 2021  
(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, 2021 and 2020.

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

**June 30, 2021**

**(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.

In 2020, the School 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 \$409,217 and \$385,672 for the years ended June 30, 2021 and 2020, respectively.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
**(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, 2021 and 2020 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, 2020, from which the summarized information was derived.

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

**June 30, 2021**

**(Continued)**

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

Recent Accounting Pronouncements

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 was 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 July 1, 2019.

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

**June 30, 2021**

**(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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,482,410	\$ 4,462,979
Accounts receivable	45,548	73,474
Grants receivable	215,389	81,928
Less donor restricted net assets	<u>(14,786)</u>	<u>(42,786)</u>
Total	<u>\$ 4,728,561</u>	<u>\$ 4,575,595</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>2021</u>	<u>2020</u>
Checking	\$ 4,474,399	\$ 4,457,971
Savings and Money Market	<u>8,011</u>	<u>5,008</u>
Subtotal - Cash and Cash Equivalents	4,482,410	4,462,979
Restricted Cash - Escrow Account	<u>76,826</u>	<u>76,611</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 4,559,236</u>	<u>\$ 4,539,590</u>

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

**June 30, 2021  
(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, 2021 and 2020 were \$239,627 and \$247,250, 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, 2021 is \$1,318,775.

**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, 2021 and 2020 was \$17,368 and \$32,398, respectively.

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

**June 30, 2021**

**(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 2021 and 2020, 10 active volunteers provided 220 hours of service.

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

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Career and Technical Education Program	\$ 7,500	\$ 7,500
Technology	7,286	7,286
Professional Development	-	<u>28,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 14,786</u>	<u>\$ 42,786</u>

**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 9, 2021, which is the date the statements were available for issuance.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties continue to have a negative impact on revenue and other support. There continues to be considerable uncertainty around the duration. Therefore, the related financial impact and duration cannot be reasonably estimated at this time.



**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, 2021, 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 9, 2021.

**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) as a basis for designing 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.



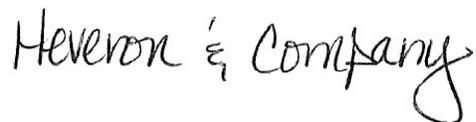
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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  
September 9, 2021