



ALBANY COMMUNITY CHARTER SCHOOL

*FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION*

JUNE 30, 2018 AND 2017

ALBANY COMMUNITY CHARTER SCHOOL

TABLE OF CONTENTS
JUNE 30, 2018 AND 2017

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-12
Other Financial Information	
Schedule of Functional Expenses - 2018	13
Schedule of Functional Expenses - 2017	14
Independent Auditor's 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>	15-16

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Albany Community Charter School
Albany, New York

Report on Financial Statements

We have audited the accompanying financial statements of Albany Community Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 Albany Community Charter School as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 13-14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, on our consideration of Albany 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 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 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 Albany Community Charter School's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 19, 2018

ALBANY COMMUNITY CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 6,020,433	\$ 5,450,780
Grants, Contracts and Accounts Receivable - Net	507,888	1,035,458
Inventory	37,500	35,027
Prepaid Expenses	13,863	7,759
Total Current Assets	<u>6,579,684</u>	<u>6,529,024</u>
Restricted Deposits		
Debt Service Reserve	223,638	-
Replacement Reserve	23,018	-
Total Restricted Deposits	<u>246,656</u>	<u>-</u>
Property and Equipment - Net	<u>12,774,816</u>	<u>4,650,052</u>
Other Assets		
Cash - Designated	75,050	1,000,000
Security Deposits	3,280	3,280
Total Other Assets	<u>78,330</u>	<u>1,003,280</u>
Total Assets	<u>\$ 19,679,486</u>	<u>\$ 12,182,356</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Current Portion of Long-Term Debt	\$ 308,223	\$ 58,811
Accounts Payable and Accrued Expenses	171,319	133,375
Accrued Payroll and Benefits	742,472	749,552
Deferred Revenue	1,150,035	-
Total Current Liabilities	2,372,049	941,738
Long-Term Liabilities		
Long-Term Debt, Net of Current Portion	<u>9,178,299</u>	<u>3,982,437</u>
Total Liabilities	<u>11,550,348</u>	<u>4,924,175</u>
Net Assets		
Unrestricted		
Undesignated	8,054,088	6,258,181
Designated	75,050	1,000,000
Total Unrestricted	<u>8,129,138</u>	<u>7,258,181</u>
Total Liabilities and Net Assets	<u>\$ 19,679,486</u>	<u>\$ 12,182,356</u>

ALBANY COMMUNITY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Public School District		
Resident Student Enrollment	\$ 9,567,232	\$ 9,362,827
Students with Disabilities	-	80,121
Grants and Contracts		
Federal Grants	313,178	291,938
State and Local Grants	-	290,396
Food Service/Children Nutrition Program	<u>425,722</u>	<u>453,457</u>
Total Revenue	<u>10,306,132</u>	<u>10,478,739</u>
Expenses		
Program Services		
Regular Education	6,398,782	5,938,513
Special Education	661,263	748,056
Other Programs	<u>1,284,437</u>	<u>946,275</u>
Total Program Services	8,344,482	7,632,844
Management and General	<u>1,142,411</u>	<u>1,790,305</u>
Total Operating Expenses	<u>9,486,893</u>	<u>9,423,149</u>
Surplus from School Operations	<u>819,239</u>	<u>1,055,590</u>
Other Revenue		
Interest Income	6,358	6,243
E-rate Income	23,490	19,985
Miscellaneous Income	<u>21,870</u>	<u>26,410</u>
Total Other Revenue	<u>51,718</u>	<u>52,638</u>
Increase in Net Assets	870,957	1,108,228
Net Assets, Beginning of Year	<u>7,258,181</u>	<u>6,149,953</u>
Net Assets, End of Year	<u>\$ 8,129,138</u>	<u>\$ 7,258,181</u>

ALBANY COMMUNITY CHARTER SCHOOL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows Provided by Operating Activities:		
Increase in Net Assets	\$ 870,957	\$ 1,108,228
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of Debt Issuance Costs	3,564	1,747
Depreciation	313,888	193,660
Bad Debt Expense	-	6,732
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Assets		
Grants, Contracts and Accounts Receivable	527,570	(337,575)
Inventory	(2,473)	4,774
Prepaid Expense	(6,104)	55,016
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	37,944	(32,102)
Accrued Payroll and Benefits	(7,080)	139,439
Deferred Revenue	<u>1,150,035</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>2,888,301</u>	<u>1,139,919</u>
Cash Flows Used in Investing Activities		
Purchase of Property and Equipment	(2,708,652)	(48,422)
Acquisition of Intangible Assets	<u>(121,480)</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(2,830,132)</u>	<u>(48,422)</u>
Cash Flows Used in Financing Activities		
Repayments of Long-Term Debt	<u>(166,810)</u>	<u>(54,801)</u>
Net Increase (Decrease) in Cash	(108,641)	1,036,696
Cash, Beginning of Year	<u>6,450,780</u>	<u>5,414,084</u>
Cash, End of Year	<u>\$ 6,342,139</u>	<u>\$ 6,450,780</u>
Supplemental Disclosure of Financial Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 440,498</u>	<u>\$ 293,103</u>
Fixed Assets Purchased with Loan Proceeds	<u>\$ 5,730,000</u>	<u>\$ -</u>

ALBANY COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

1. ORGANIZATION AND PURPOSE

Organization

Albany Community Charter School (the “School”) is a New York not-for-profit organization preparing students for a lifetime of opportunity by helping them master a primary rigorous, standards-based curriculum focused on literacy and other foundational knowledge.

By aligning the efforts of all members of the school community - student, parent, teacher, principal, board, and civic organizations - we dramatically increase the chances students will be prepared to succeed when they move on to middle school, high school, college and into the workforce. To achieve that goal, the learning community at the School emphasizes achievement, respect and positive behavior.

A provisional charter, valid for five years, was granted to the School by the University of the State of New York pursuant to Article 56 of the Education Law of the State of New York. The School began providing educational services in the fall of 2006 for K-1st grades. The provisional charter allowed for an additional grade to be added in each subsequent year until the School reaches grades K-5. A charter renewal was granted in 2016 extending the school’s operations for an additional five years (expires July 31, 2021). In January 2012, the School received approval to modify its charter renewal and add a middle school program to its existing elementary school program, adding grades 6 through 8 in subsequent years through June 30, 2016. As of June 30, 2018, the School had an enrollment of 638 students in K to 8th grades.

The School is governed by a Board of Trustees in accordance with the School’s by-laws.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION

The following summarizes the significant accounting policies consistently applied in the preparation of the School’s financial statements, with references to the Accounting Standards Codification (ASC) where applicable.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with the ASC “Financial Statements of Not-for-Profit Organizations” utilizing the accrual basis of accounting. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

Support and Revenue

Grants and pledges received are measured at their fair values and reported as an increase in net assets. The School reports grants and pledges as restricted when a portion of their value is assigned to a long-term future use, long-term meaning in excess of one year for the purpose of these statements.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Support and Revenue (Continued)

The School reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Recognition

A substantial portion of the School's revenue and related receivables are derived from its billing to Albany, Schenectady and Troy City School Districts in accordance with State law, requiring the District to reimburse the School based on a per capita basis. These revenues are recognized ratably over the related school year during which they are earned. Student enrollment revenue that has been received but not recognized as revenue has been reported as deferred revenue.

Revenue from other governmental sources generally represent entitlement grants and are recognized as earned when allowable expenditures are incurred. Costs are subject to audit and changes, if any, are recognized in the year known.

Donated Services

A number of unpaid volunteers have made contributions of their time. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation and it does not meet the reporting requirements of the accounting standards.

Grants, Contracts and Accounts Receivables

Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than 90 days. Management has recorded an allowance of \$25,000 and \$33,265 as of June 30, 2018 and 2017, respectively.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Inventory

Inventory consists of student uniforms and clothing available for use in the school's everyday operation. The inventory is stated at the lower of cost (on a first-in, first-out basis) or market and is based on a physical inventory taken by management at June 30, 2018 and 2017.

Property, Equipment and Depreciation

Acquisitions of property and equipment in excess of \$500 are capitalized and recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs not improving or extending the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. Depreciation is provided over the estimated useful life of each class of depreciable assets (ranging from 3 to 39 years) and is computed using the straight-line method.

Conditional and Unconditional Promises to Give

At June 30, 2018 and 2017, the School had not received any conditional or unconditional promises to give.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs benefitted. Salaries are allocated based on estimates of total time spent, while other expenses are allocated based on estimates of the resources used.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Fair Value

Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

2. ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Income Taxes

The School is exempt from Federal and State income tax under §501(c)(3) of the Internal Revenue Code and comparable New York State Law. The School is designated as a publicly supported organization which is not a private foundation under §509(a) of the Internal Revenue Code.

Accounting for Uncertainty in Income Taxes

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The School has not recognized any benefits from uncertain tax positions in 2018 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets within 12 months of the balance sheet date. Generally, federal and state authorities may examine the School's tax-exempt returns for three years from the date of filing; consequently, income tax returns for years prior to 2015 are no longer subject to examination by taxing authorities.

Advertising Costs

The School expenses advertising costs as they are incurred. Advertising costs for the years ended June 30, 2018 and 2017 were \$53,147 and \$53,944, respectively.

Subsequent Events

The School follows the ASC, *Subsequent Events*, which establishes general standards of accounting for, and disclosures of, events that occur after the due date of the financial statements but before the financial statements are issued or are available to be issued. In the preparation of these financial statements and notes thereto, management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 19, 2018, the date the financial statements were available to be issued. No such events or transactions were identified.

3. RESTRICTED DEPOSITS AND DESIGNATED CASH

The School sets aside amounts for debt service and replacement of property at June 30, 2018 as required by the lenders. The restricted deposits were \$223,638 and \$23,018 at June 30, 2018 and are held in separate accounts. The debt service reserve is to be funded by the School on a monthly basis in the amount of \$4,651 until the balance reaches \$400,000. Upon renewal of the Schools's charter, the lenders will authorize the release of all amounts in excess of \$200,000.

3. RESTRICTED DEPOSITS AND DESIGNATED CASH (CONTINUED)

The School had internally designated cash in the amount of \$75,050 and \$1,000,000 as of June 30, 2018 and 2017, respectively. The intended purpose of this designation as of June 30, 2018 is to provide funding to cover costs associated with an unanticipated closure of the School. The intended purpose of this designation as of June 30, 2017 was to provide for a down payment for the purchase of the building on Krank Street which was completed in December 2017.

4. GRANTS, CONTRACTS AND ACCOUNTS RECEIVABLE

At June 30, 2018 and 2017, grants, contracts and accounts receivable were comprised of the following funding sources:

	<u>2018</u>	<u>2017</u>
School District Tuition, Net	\$ 284,983	\$ 473,619
U.S. Department of Agriculture	37,264	93,500
U.S. Department of Education	185,506	468,339
Other Receivables	135	-
	<u>\$ 507,888</u>	<u>\$ 1,035,458</u>

5. PROPERTY AND EQUIPMENT

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 550,000	\$ 300,000
Building	12,668,885	4,518,885
Equipment	408,614	378,161
Furniture/Fixtures	400,883	400,883
Leasehold Improvements	-	92,912
Building Improvements	121,089	19,978
Total at Cost	<u>14,149,471</u>	<u>5,710,819</u>
Less: Accumulated Depreciation	<u>(1,374,655)</u>	<u>(1,060,767)</u>
	<u>\$ 12,774,816</u>	<u>\$ 4,650,052</u>

Depreciation expense was \$313,888 and \$193,660 for the years ended June 30, 2018 and 2017, respectively.

ALBANY COMMUNITY CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018 AND 2017

6. LONG-TERM DEBT

Long-term debt is comprised of the following at June 30:

	<u>2018</u>	<u>2017</u>
Loan payable to Local Initiatives Support Corporation (“LISC”), in monthly payments of \$29,019, including interest at 7.10%, maturing in January 2043.	\$ 4,044,439	\$ 4,103,259
Loan payable to Low Income Investment Fund (“LIIF”), in monthly payments of \$22,601, including interest at 6%, maturing December 2024. The School will be responsible for the payment of the balloon or seeking alternative financing.	2,638,041	-
Loan payable to Capital Impact Partners (“CIP”), in monthly payments of \$25,764, including interest at 6%, maturing December 2024. The School will be responsible for the payment of the balloon or seeking alternative financing.	<u>2,983,969</u>	<u>-</u>
Total	9,666,449	4,103,259
Less: unamortized debt issuance costs, net	(179,927)	(62,011)
Less: current portion	<u>(308,223)</u>	<u>(58,811)</u>
	<u>\$ 9,178,299</u>	<u>\$ 3,982,437</u>

Unamortized debt issuance costs as of June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Transaction and Financing Costs - Thirty-Nine Year Amortization	\$ 189,605	\$ 68,125
Less: Accumulated Amortization	<u>(9,678)</u>	<u>(6,114)</u>
Unamortized Debt Issuance Costs, Net	<u>\$ 179,927</u>	<u>\$ 62,011</u>

Estimated debt maturities at June 30 over the next five (5) years are as follows:

2019	\$ 308,223
2020	326,525
2021	349,338
2022	371,976
2023	396,089
Thereafter	<u>7,914,298</u>
	<u>\$ 9,666,449</u>

6. LONG-TERM DEBT (CONTINUED)

The loan with LISC may be prepaid, in whole or in part, in minimum increments of at least \$100,000, only if such prepayment is accompanied by payment of a breakage fee equal to the cost to LISC of the breakage fee due under the Community Development Financial Institution (CDFI).

The loans with LIIF and CIP may be prepaid, in whole or in part, subject to a prepayment premium based on various interest rates applicable on such date. Management estimates that a prepayment premium would approximate 1% of the balance which is prepaid.

The School is required to maintain debt covenants by the lenders on the loans payable. As of June 30, 2018, the School was in compliance with all applicable covenants.

7. FACILITIES RENTAL

The School leased their facilities on Krank Street from the Brighter Choice Foundation. Occupancy costs of the lease for the year ended June 30, 2018 and 2017 were \$376,340 and \$753,301, respectively. The School's purchase of the building on Krank Street effectively terminated the lease and released their contractual obligations.

8. RETIREMENT PLAN

The School has adopted a profit-sharing plan under IRC §401(k) covering all eligible employees. The School contributes a matching contribution to each eligible employee's profit-sharing plan at the rate of 4% of the employee's gross compensation for the calendar year. The School's retirement plan expense for the years ended June 30, 2018 and 2017 was \$97,801 and \$91,121, respectively.

9. CONCENTRATION OF RISK

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 81% of total revenue and support for both of the years ended June 30, 2018 and 2017. No other funding sources accounted for more than 10% of total revenue and support.

The School maintains deposits in excess of federal insured limits. The ASC identifies this as a possible concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

The School is subject to audits and reviews of reimbursable costs by various governmental agencies. The outcome of the audits and reviews may have the effect of retroactively increasing or decreasing revenue from various sources. These charges, if any, will be recognized in accordance with the rules and guidelines established by the various funding sources.

OTHER FINANCIAL INFORMATION

ALBANY COMMUNITY CHARTER SCHOOL

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>				<u>Supporting Services</u>	
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>
Administrative Personnel	\$ 174,090	\$ -	\$ -	\$ 174,090	\$ 696,358	\$ 870,448
Instructional Personnel	3,259,616	335,344	-	3,594,960	-	3,594,960
Non-Instructional Personnel	-	-	466,706	466,706	65,964	532,670
Total Salaries	<u>3,433,706</u>	<u>335,344</u>	<u>466,706</u>	<u>4,235,756</u>	<u>762,322</u>	<u>4,998,078</u>
Fringe Benefits and Payroll Taxes	881,732	75,808	-	957,540	172,332	1,129,872
Retirement	76,322	6,562	-	82,884	14,917	97,801
Interest Expense	346,538	29,794	51,435	427,767	16,295	444,062
Legal Service	1,111	96	-	1,207	217	1,424
Accounting and Audit Services	10,640	915	-	11,555	2,080	13,635
Other Purchased, Professional and Consulting Services	227,400	90,543	-	317,943	57,221	375,164
Building and Land Lease	293,689	25,250	43,591	362,530	13,810	376,340
Repairs and Maintenance	284,986	24,502	42,299	351,787	13,400	365,187
Insurance	100,480	8,638	14,914	124,032	4,725	128,757
Utilities	61,763	5,311	9,167	76,241	2,904	79,145
Supplies and Materials	103,606	8,908	16,244	128,758	11,484	140,242
Equipment and Furnishings	12,721	1,094	-	13,815	2,486	16,301
Staff Development	28,385	2,440	-	30,825	-	30,825
Marketing and Recruitment	41,475	3,566	-	45,041	8,106	53,147
Technology	30,926	2,659	-	33,585	6,044	39,629
Food Service	-	-	210,850	210,850	-	210,850
Student Services	164,292	14,125	421,294	599,711	-	599,711
Office Expense	53,475	4,598	7,937	66,010	2,514	68,524
Depreciation	244,952	21,060	-	266,012	47,876	313,888
Amortization	-	-	-	-	3,564	3,564
Other	583	50	-	633	114	747
Total Expenses	<u>\$ 6,398,782</u>	<u>\$ 661,263</u>	<u>\$ 1,284,437</u>	<u>\$ 8,344,482</u>	<u>\$1,142,411</u>	<u>\$ 9,486,893</u>

ALBANY COMMUNITY CHARTER SCHOOL

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>
Administrative Personnel	\$ 263,572	\$ -	\$ -	\$ 263,572	\$1,054,287	\$ 1,317,859
Instructional Personnel	2,990,952	378,781	-	3,369,733	-	-
Non-Instructional Personnel	-	-	182,404	182,404	57,393	239,797
Total Salaries	<u>3,254,524</u>	<u>378,781</u>	<u>182,404</u>	<u>3,815,709</u>	<u>1,111,680</u>	<u>4,927,389</u>
Fringe Benefits and Payroll Taxes	815,409	89,866	-	905,275	263,745	1,169,020
Retirement	63,558	7,005	-	70,563	20,558	91,121
Interest Expense	204,443	22,532	24,627	251,602	43,248	294,850
Legal Service	6,811	751	-	7,562	2,203	9,765
Accounting and Audit Services	7,878	868	-	8,746	2,548	11,294
Other Purchased, Professional and Consulting Services	113,136	85,942	-	199,078	58,000	257,078
Building and Land Lease	525,439	57,908	63,293	646,640	106,661	753,301
Repairs and Maintenance	263,158	29,002	31,699	323,859	53,420	377,279
Insurance	81,034	8,931	9,761	99,726	16,449	116,175
Utilities	63,396	6,987	7,637	78,020	12,869	90,889
Supplies and Materials	102,354	11,280	11,541	125,175	12,189	137,364
Equipment and Furnishings	2,837	313	-	3,150	918	4,068
Staff Development	32,852	3,621	-	36,473	-	36,473
Marketing and Recruitment	37,627	4,147	-	41,774	12,170	53,944
Technology	23,840	2,627	-	26,467	7,711	34,178
Food Service	-	-	216,693	216,693	-	216,693
Student Services	138,700	15,286	392,644	546,630	-	546,630
Office Expense	49,608	5,467	5,976	61,051	10,070	71,121
Depreciation	135,081	14,887	-	149,968	43,692	193,660
Bad Debt Expense	-	-	-	-	6,732	6,732
Other	<u>16,828</u>	<u>1,855</u>	<u>-</u>	<u>18,683</u>	<u>5,442</u>	<u>24,125</u>
Total Expenses	<u>\$ 5,938,513</u>	<u>\$ 748,056</u>	<u>\$ 946,275</u>	<u>\$ 7,632,844</u>	<u>\$1,790,305</u>	<u>\$ 9,423,149</u>

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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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***

To the Board of Trustees
Albany Community Charter School
Albany, New York

We have audited, 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, the financial statements of Albany Community Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 School'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 the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 19, 2018