

TRUXTON ACADEMY CHARTER SCHOOL

FINANCIAL STATEMENTS

June 30, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Truxton Academy Charter School
Truxton, New York

Opinion

We have audited the accompanying financial statements of Truxton Academy Charter School (a New York State nonprofit organization), which comprises the balance sheet as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Truxton Academy Charter School as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Truxton Academy Charter School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Truxton Academy Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Truxton Academy Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Truxton Academy Charter School's ability to continue as a going concern for a reasonable period of time.

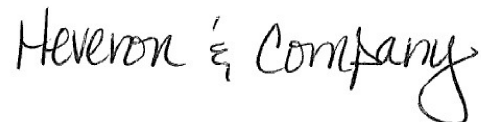
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Truxton Academy Charter School's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2021. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022 on our consideration of Truxton Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Truxton Academy Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Truxton Academy Charter School's internal control over financial reporting and compliance.



Heveron & Company
Certified Public Accountants

Rochester, New York
October 3, 2022

TRUXTON ACADEMY CHARTER SCHOOL
BALANCE SHEETS
June 30, 2022 and 2021

ASSETS

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------|-----------------------|
| <u>Current Assets</u> | | |
| Cash and Cash Equivalents | \$ 479,546 | \$ 228,544 |
| Accounts Receivable | 12,988 | 1,047 |
| Grants Receivable | 10,275 | - |
| Pledges Receivable | 38,095 | 38,649 |
| Prepaid Expenses | <u>32,230</u> | <u>20,910</u> |
| Total Current Assets | <u>573,134</u> | <u>289,150</u> |
| <u>Property and Equipment</u> | | |
| Leasehold Improvement | 62,161 | 62,161 |
| Equipment and Computers | 131,631 | 121,381 |
| Vehicles | 74,959 | 74,959 |
| Computer Software | 5,152 | 5,152 |
| Less: Accumulated Depreciation and Amortization | <u>(78,155)</u> | <u>(32,315)</u> |
| Net Property and Equipment | <u>195,748</u> | <u>231,338</u> |
| <u>Other Assets</u> | | |
| Restricted Cash - Escrow Accounts | 75,000 | 50,000 |
| Pledges Receivable - Long term | <u>36,368</u> | <u>73,686</u> |
| Total Other Assets | <u>111,368</u> | <u>123,686</u> |
| TOTAL ASSETS | <u>\$ 880,250</u> | <u>\$ 644,174</u> |

LIABILITIES AND NET ASSETS

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------|-----------------------|
| <u>Current Liabilities</u> | | |
| Accounts Payable | \$ 26,384 | \$ 29,220 |
| Accrued Payroll and Benefits | <u>47,297</u> | <u>59,848</u> |
| Total Current Liabilities | <u>73,681</u> | <u>89,068</u> |
| Total Liabilities | <u>73,681</u> | <u>89,068</u> |
| <u>Net Assets</u> | | |
| Without Donor Restrictions | | |
| Undesignated | 631,357 | 417,771 |
| Board Designated | <u>79,660</u> | <u>25,000</u> |
| Total Net Assets Without Donor Restrictions | <u>711,017</u> | <u>442,771</u> |
| With Donor Restrictions | | |
| Time Restrictions | 74,463 | 112,335 |
| Purpose Restricted | <u>21,089</u> | <u>-</u> |
| Total Net Asset with Donor Restrictions | <u>95,552</u> | <u>112,335</u> |
| Total Net Assets | <u>806,569</u> | <u>555,106</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 880,250</u> | <u>\$ 644,174</u> |

See Accompanying Notes to Financial Statements.

TRUXTON ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For The Year Ending June 30, 2022
(With Comparative Totals For The Year ending June 30, 2021)

| | Without Donor | With Donor | <u>Totals</u> | |
|------------------------------------|---------------------|---------------------|------------------|------------------|
| | <u>Restrictions</u> | <u>Restrictions</u> | <u>2022</u> | <u>2021</u> |
| <u>Revenues and Other Support:</u> | | | | |
| Public School District: | | | | |
| Resident Student Enrollment | \$ 1,162,075 | \$ - | \$ 1,162,075 | \$ 706,517 |
| Students with Disabilities | 27,666 | - | 27,666 | 19,524 |
| Federal Grants | 47,759 | - | 47,759 | 68,874 |
| State Grants | | | | |
| State Grants | 16,906 | - | 16,906 | 48,212 |
| State Grants In-Kind | 3,139 | - | 3,139 | - |
| Other Grants and Contributions | | | | |
| Other Grants and Contributions | 15,796 | - | 15,796 | 20,762 |
| In-Kind Contributions | 17,656 | - | 17,656 | 13,937 |
| Food Service | 48,322 | 21,089 | 69,411 | 12,954 |
| Other Income | 3,708 | - | 3,708 | 462 |
| Forgiveness of Debt | - | - | - | 141,200 |
| Released From Restriction | 37,872 | (37,872) | - | - |
| | <u>1,380,899</u> | <u>(16,783)</u> | <u>1,364,116</u> | <u>1,032,442</u> |
| Total Revenues and Other Support | | | | |
| <u>Expenses:</u> | | | | |
| <u>Program Services:</u> | | | | |
| Regular Education | 812,305 | - | 812,305 | 708,062 |
| Special Education | 70,433 | - | 70,433 | 56,482 |
| Food Services | 50,371 | - | 50,371 | 25,835 |
| | <u>933,109</u> | <u>-</u> | <u>933,109</u> | <u>790,379</u> |
| Total Program Services Expense | | | | |
| <u>Supporting Services:</u> | | | | |
| Management and General | 179,544 | - | 179,544 | 103,632 |
| | <u>1,112,653</u> | <u>-</u> | <u>1,112,653</u> | <u>894,011</u> |
| Total Expenses | | | | |

TRUXTON ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For The Year Ending June 30, 2022
(With Comparative Totals For The Year ending June 30, 2021)

| | Without Donor | With Donor | <u>Totals</u> | |
|--------------------------------|---------------------|---------------------|-------------------|-------------------|
| | <u>Restrictions</u> | <u>Restrictions</u> | <u>2022</u> | <u>2021</u> |
| Change in Net Assets | 268,246 | (16,783) | 251,463 | 138,431 |
| Net Assets - Beginning of Year | <u>442,771</u> | <u>112,335</u> | <u>555,106</u> | <u>416,675</u> |
| Net Assets - End of Year | <u>\$ 711,017</u> | <u>\$ 95,552</u> | <u>\$ 806,569</u> | <u>\$ 555,106</u> |

See Accompanying Notes to Financial Statements.

**TRUXTON ACADEMY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES**

For The Year Ending June 30, 2022

(With Comparative Totals For The Year Ending June 30, 2021)

| | No. of Positions | <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>2022</u> | <u>2021</u> |
| Personnel Service Costs | | | | | | | |
| Instructional Personnel | 14 | \$ 386,230 | \$ 37,496 | \$ - | \$ - | \$ 423,726 | \$ 334,855 |
| Non-Instructional Personnel | 5 | 17,633 | - | 24,264 | 225 | 42,122 | 30,262 |
| Administrative Personnel | <u>3</u> | <u>59,045</u> | <u>-</u> | <u>-</u> | <u>117,055</u> | <u>176,100</u> | <u>118,410</u> |
| Total Salaries and Wages | 22 | 462,908 | 37,496 | 24,264 | 117,280 | 641,948 | 483,527 |
| Retirement | | 11,678 | 946 | - | - | 12,624 | 8,514 |
| Fringe Benefits and Payroll Taxes | | <u>113,513</u> | <u>9,195</u> | <u>5,950</u> | <u>28,759</u> | <u>157,417</u> | <u>131,529</u> |
| Total Personnel Services | | 588,099 | 47,637 | 30,214 | 146,039 | 811,989 | 623,570 |
| Building Rent | | 51,795 | 4,195 | - | 738 | 56,728 | 50,250 |
| Depreciation and Amortization | | 41,854 | 3,390 | - | 596 | 45,840 | 30,206 |
| Technology | | 28,064 | 2,273 | - | - | 30,337 | 30,177 |
| Utilities | | 23,869 | 1,933 | - | 340 | 26,142 | 26,139 |
| Food | | 400 | 32 | 20,157 | 6 | 20,595 | 7,049 |
| Insurance | | 17,801 | 1,442 | - | 253 | 19,496 | 20,836 |
| Repairs and Maintenance | | 15,587 | 1,263 | - | 222 | 17,072 | 15,201 |
| Marketing and Recruitment | | 13,468 | 1,091 | - | - | 14,559 | 15,391 |
| Other Professional Services | | 8,243 | 668 | - | 5,005 | 13,916 | 16,269 |
| Legal Services | | - | - | - | 12,000 | 12,000 | 6,000 |
| Accounting and Auditing Fees | | - | - | - | 11,220 | 11,220 | 12,187 |

**TRUXTON ACADEMY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES**

For The Year Ending June 30, 2022

(With Comparative Totals For The Year Ending June 30, 2021)

(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>2022</u> | <u>2021</u> |
| Supplies and Materials | 8,472 | 686 | - | - | 9,158 | 17,694 |
| Equipment and Furnishings | 7,337 | 595 | - | - | 7,932 | 17,207 |
| Other Expenses | 2,568 | 208 | - | 2,680 | 5,456 | 1,041 |
| Professional Development | 4,564 | 370 | - | - | 4,934 | 3,711 |
| Student Services | 184 | 4,650 | - | - | 4,834 | - |
| Office Expense | - | - | - | 445 | 445 | 1,083 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>445</u> | <u>445</u> | <u>1,083</u> |
| Total Expenses | <u>\$ 812,305</u> | <u>\$ 70,433</u> | <u>\$ 50,371</u> | <u>\$ 179,544</u> | <u>\$ 1,112,653</u> | <u>\$ 894,011</u> |

See Accompanying Notes to Financial Statements.

TRUXTON ACADEMY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
For The Years Ending June 30, 2022 and 2021

| | 2022 | 2021 |
|---|--------------|------------|
| <u>Cash Flow From Operating Activities</u> | | |
| Revenue from School Districts | \$ 1,177,800 | \$ 733,521 |
| Grant Revenues | 54,390 | 548,672 |
| Food Service Fees | 69,411 | 12,954 |
| Contributions | 71,324 | 69,812 |
| Other Sources | 3,708 | 462 |
| Payments to Vendors for Goods and Services Rendered | (265,840) | (407,329) |
| Payments to Charter School Personnel for Services Rendered | (824,541) | (568,689) |
| Net Cash Flow Provided/(Used) By Operating Activities | 286,252 | 389,403 |
| <u>Cash Flow From Investing Activities</u> | | |
| Purchase of Property and Equipment | (10,250) | (235,996) |
| Cash Flow Provided/(Used) By Investing Activities | (10,250) | (235,996) |
| <u>Cash Flow From Financing Activities</u> | | |
| Payments on Long Term Debt | - | (30,000) |
| Proceeds from Long Term Debt | - | 60,000 |
| Cash Flow Provided/(Used) By Financing Activities | - | 30,000 |
| Net Increase/(Decrease) in Cash, Cash Equivalents, and Restricted Cash | 276,002 | 183,407 |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year | 278,544 | 95,137 |
| Cash, Cash Equivalents, and Restricted Cash - End of year | \$ 554,546 | \$ 278,544 |

TRUXTON ACADEMY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
For The Years Ending June 30, 2022 and 2021
(Continued)

| <u>Reconciliation of Change in Net Assets to Net Cash</u> | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| <u>Provided by Operating Activities</u> | | |
| Change in Net Assets | \$ 251,463 | \$ 138,431 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 45,840 | 30,206 |
| Forgiveness of Long Term Debt | - | (141,200) |
| (Increase)/Decrease In: | | |
| Accounts Receivable | (11,941) | 14,794 |
| Grants Receivable | (10,275) | 431,586 |
| Pledges Receivable | 37,872 | 35,113 |
| Prepaid Expenses | (11,320) | 11,158 |
| Increase/(Decrease) In: | | |
| Accounts Payable | (2,836) | (185,566) |
| Accrued Payroll and Benefits | (12,551) | 54,881 |
| Net Cash Flow Provided/(Used) By Operating Activities | <u>\$ 286,252</u> | <u>\$ 389,403</u> |

See Accompanying Notes to Financial Statements.

TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Truxton Academy Charter School (the School) is a nonprofit educational organization in Truxton, New York. The School currently serves grades K-4 with plans to grow to K-6 by 2024. The School receives the majority of its funding from state and local governments through local school districts. The School also receives federal and state grants, contributions, and other income.

The main programs of the School are as follows:

REGULAR EDUCATION: The School incorporates a research-based curriculum for language arts, math, science, and social studies using a project-based approach. The School seeks to grow confident, productive, intelligent, caring students, into responsible, successful adults. All courses align with the New York State Learning Standards.

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

TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(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. It is the board's policy to accumulate unrestricted net assets that are equal to or exceed 2% of the School's operating budget for the upcoming year. Also, this year, the board designated an additional \$25,000 for building and maintenance projects. Board designated net assets totaled \$79,660 and \$25,000 for the years ended June 30, 2022 and 2021, respectively.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

There were net assets with donor restrictions of \$95,552 and \$112,335 for the years ending June 30, 2022 and 2021, respectively. This is related to donated rent for facilities and non-processed food purchases. See Note 5 for more information about donated rent.

Grants and Accounts 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.

TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

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

Grants and Accounts Receivable (Continued)

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, 2022 and 2021.

Pledges Receivable

Pledges receivable represent the value of donated rent due the School under the terms of an unconditional promise to give. Donated rent to be received after June 30, 2022 and 2021, is recorded at its estimated net present value using a discount rate of 4.75%.

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.

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.

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.

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.

TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

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

Use of Estimates in the Preparation of Financial Statements (Continued)

Actual results could vary from those estimates.

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 program, and management and general services. An immaterial amount of fundraising costs for the years ended June 30, 2022 and 2021 are included in management and general expenses.

The financial statements report certain categories of expenses that are attributed to both program, and management and general functions. Therefore, allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated include repairs and maintenance, utilities, equipment and furnishings, and insurance which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, other purchased services, student services, supplies, and technology, which are allocated on the basis of estimates of time and effort for each category.

Advertising

Advertising costs are expensed as incurred.

Property and Equipment

Property and equipment are stated at cost. The School capitalizes property and equipment with a cost of over \$5,000 and an estimated life of three or more years. Depreciation and amortization is computed using the straight-line method based on the estimated useful lives of the assets, as follows:

| | <u>Years</u> |
|------------------------|--------------|
| Leasehold Improvements | 15 |
| Equipment | 5 |
| Computer Software | 3 |
| Vehicles | 5 |

Depreciation and amortization expense amounted to \$45,840 and \$30,206 for the years ending June 30, 2022 and 2021, respectively.

TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

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

Comparative Financial Information

The supplemental 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 ending June 30, 2021 from which the summarized information was derived.

Reclassifications

Certain account balances as of June 30, 2021 have been reclassified to conform with the presentation as of June 30, 2022.

Recent Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The main difference between the guidance in ASU 2020-07 and previous GAAP is the disclosure of a disaggregation of the amount of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the period, the School's policy about monetizing rather than utilizing the assets, a description of any donor-imposed restrictions associated with the assets, a description of the valuation techniques used, and the principal market used to arrive at a fair value measurement. During the year ended June 30, 2022 the School adopted ASU 2020-07 for its contributed nonfinancial assets. This adoption was applied on a retrospective basis.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. 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.

TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

NOTE 2 - LIQUIDITY AND AVAILABILITY (Continued)

The following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures at June 30:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 479,546 | \$ 228,544 |
| Accounts receivable | 12,988 | 1,047 |
| Grants receivable | 10,275 | - |
| Pledges receivable | 38,095 | 38,649 |
| Less: donor restricted net assets | <u>(95,552)</u> | <u>(112,335)</u> |
| | <u>\$ 445,352</u> | <u>\$ 155,905</u> |

The School also receives basic charter school tuition and grants throughout the year to provide additional funds for general expenditures.

NOTE 3 - CASH, 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, cash equivalents, and restricted cash consisted of the following at June 30:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Checking | \$ 448,757 | \$ 218,544 |
| Savings | <u>30,789</u> | <u>10,000</u> |
| Total Cash and Cash Equivalents | 479,546 | 228,544 |
| Restricted Cash - Escrow Accounts | <u>75,000</u> | <u>50,000</u> |
| Total Cash, Cash Equivalents, and Restricted Cash | <u>\$ 554,546</u> | <u>\$ 278,544</u> |

TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

NOTE 4 - PENSION EXPENSE

The School has a Simple IRA retirement plan. Employees expected to earn compensation greater than \$5,000 are eligible to participate upon date of hire. Eligible employees can make contributions to the plan. The School will make a dollar for dollar match of elective deferrals up to 3%. Employer contributions for the years ending June 30, 2022 and 2021 were \$12,624 and \$8,514, respectively.

NOTE 5 - COMMITMENTS

The School has entered into an operating lease for its facilities. The building is used for education and also to house administration for the School. The lease expires June 2024. For the year ending June 30, 2022, the annual rent was \$100 per month. On June 30, 2022, this increases to \$500 per month. Also, in lieu of a higher rent payment, the School is responsible for the cost of utilities, repairs and maintenance. The School has an option to purchase the property after June 2024, conditioned upon renewal of the School's charter. The School has the option to renew this lease for five additional five-year terms at a cost of \$6,000 per year.

The value of the donated rent over the expected future costs has been recorded as a contribution and pledges receivable. Total pledge receivable related to donated rent at June 30, 2022 and 2021 was \$74,463 and \$112,335, respectively. The School will recognize the related donated rent expense over the life of the lease.

Total rental expense for the years ending June 30, 2022 and 2021 totaled \$56,728 and \$50,250, respectively.

Future minimum lease payment commitments are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2023 | \$ 6,000 |
| 2024 | 6,000 |

TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022
(Continued)

NOTE 6 - DONATED SERVICES

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. In the years ending June 30, 2022 and 2021, 9 and 8 board members provided approximately 1,240 and 1,070 hours of service respectively. In addition, approximately 38 and 10 active volunteers provided 1,950 and 1,000 hours of service for the School during the years ended June 30, 2022 and 2021, respectively.

See Note 5 for information related to donated rent for facilities and Note 7 In-kind information related to special education and other support.

NOTE 7 - SPECIAL EDUCATION AND OTHER SUPPORT

Some of the special education services required by students of the School are provided by the Homer Central School District and other surrounding districts. The Homer Central School District and other surrounding districts also provided transportation services. 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.

The School also receives State Aid in the form of textbooks and library materials through the Homer Central School District. The total aid received for the year ended June 30, 2022 was \$3,139. The value of this aid is provided by the Homer Central School District and is based on original cost.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2022</u> | <u>2021</u> |
|---|------------------|-------------------|
| Subject to expenditure for specified purpose: | | |
| Non-processed food items | \$ 21,089 | \$ - |
| Subject to the passage of time: | | |
| Rent Receivable | <u>74,463</u> | <u>112,335</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 95,552</u> | <u>\$ 112,335</u> |

**TRUXTON ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

(Continued)

NOTE 9 - LOAN PAYABLE

In May 2020, the School applied for and was approved to receive a \$111,200 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. This was initially recorded as a note payable and subsequently recorded as forgiveness of debt when the loan obligation was legally released. The School recognized \$111,200 of loan forgiveness related to this debt in the year ended June 30, 2021.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 3, 2022, which is the date the statements were available for issuance.

TRUXTON ACADEMY CHARTER SCHOOL

SUPPLEMENTARY INFORMATION

For The Year Ending June 30, 2022



**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
Truxton Academy Charter School
Truxton, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Truxton Academy Charter School which comprise the balance sheet as of June 30, 2022, 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 October 3, 2022.

Report on Internal Control Over Financial Reporting

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

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



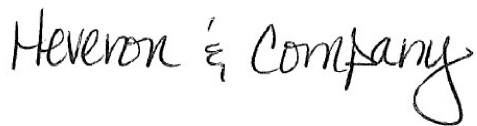
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Truxton Academy Charter School's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial 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
October 3, 2022