

**TRUE NORTH TROY PREPARATORY
CHARTER SCHOOL**

TROY, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2018

(With Comparative Totals for 2017)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
 <u>OTHER FINANCIAL INFORMATION</u>	
Independent Auditor's Report on Other Financial Information	16
Schedule of Elementary School, Middle School, and High School Activities – Year Ended June 30, 2018	17
Schedule of Elementary School, Middle School, and High School Activities – Year Ended June 30, 2017	18

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
True North Troy Preparatory Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of True North Troy Preparatory Charter School, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. 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 of 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 True North Troy Preparatory Charter School as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited True North Troy Preparatory Charter School's June 30, 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2018 on our consideration of True North Troy Preparatory 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 16, 2018

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(With Comparative Totals for 2017)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,530,991	\$ 1,672,015
Grants and contracts receivable	361,107	637,065
Accounts receivable	911,738	950,687
Prepaid expenses	<u>260,924</u>	<u>39,369</u>
TOTAL CURRENT ASSETS	3,064,760	3,299,136
 <u>PROPERTY AND EQUIPMENT, NET</u>	 1,647,068	 807,800
 <u>ESCROW ACCOUNT</u>	 <u>75,465</u>	 <u>75,314</u>
TOTAL ASSETS	<u>\$ 4,787,293</u>	<u>\$ 4,182,250</u>
 <u>LIABILITIES AND NET ASSETS</u>		
 <u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	457,394	566,499
 <u>NET ASSETS, unrestricted</u>	 <u>4,329,899</u>	 <u>3,615,751</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,787,293</u>	<u>\$ 4,182,250</u>

The accompanying notes are an integral part of the financial statements.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

	<u>Year ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 8,834,919	\$ 7,994,014
Students with disabilities	337,965	343,576
Grants and contracts:		
Federal - Title and IDEA	373,023	273,251
Federal - Other	349,596	160,004
Food service/child nutrition program	<u>567,751</u>	<u>500,566</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	10,463,254	9,271,411
Expenses:		
Program services:		
Regular education	8,009,341	6,906,755
Special education	<u>333,720</u>	<u>287,782</u>
TOTAL PROGRAM SERVICES	8,343,061	7,194,537
Management and general	<u>1,420,850</u>	<u>1,201,794</u>
TOTAL OPERATING EXPENSES	<u>9,763,911</u>	<u>8,396,331</u>
SURPLUS FROM SCHOOL OPERATIONS	699,343	875,080
Support and other revenue:		
Contributions:		
Foundations	4,000	4,000
Individuals	-	1,000
Corporations	-	200
Miscellaneous income	<u>10,805</u>	<u>15,161</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>14,805</u>	<u>20,361</u>
CHANGE IN NET ASSETS	714,148	895,441
Unrestricted net assets at beginning of year	<u>3,615,751</u>	<u>2,720,310</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 4,329,899</u>	<u>\$ 3,615,751</u>

The accompanying notes are an integral part of the financial statements.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

	No. of Positions	June 30,					2017 Total
		2018			2017		
		Regular education	Special education	Total	Support Services Management and General	Total	
Personnel services costs:							
Administrative staff personnel	20	\$ 846,319	\$ 35,263	\$ 881,582	\$ 664,481	\$ 1,546,063	\$ 1,392,695
Instructional personnel	60	2,543,673	105,986	2,649,659	-	2,649,659	2,450,330
Non-instructional personnel	3	75,033	3,126	78,159	-	78,159	39,500
Total salaries and staff	83	3,465,025	144,375	3,609,400	664,481	4,273,881	3,882,525
Fringe benefits and payroll taxes		590,858	24,619	615,477	109,972	725,449	693,826
Retirement		81,631	3,401	85,032	14,559	99,591	101,808
Management fees		634,515	26,438	660,953	116,639	777,592	688,867
Legal service		-	-	-	40,404	40,404	3,575
Accounting and audit services		-	-	-	28,467	28,467	23,134
Other professional and consulting services		153,020	6,376	159,396	26,327	185,723	167,457
Building and land rent		530,963	22,123	553,086	-	553,086	538,624
Repairs and maintenance		305,575	12,732	318,307	-	318,307	240,669
Insurance		-	-	-	117,451	117,451	79,509
Utilities		83,681	3,487	87,168	23,251	110,419	96,883
Supplies and materials		184,248	7,677	191,925	-	191,925	111,348
Equipment/Furnishings		22,874	953	23,827	44,347	68,174	128,371
Professional development		283,246	11,802	295,048	-	295,048	213,900
Marketing and recruitment		34,329	1,430	35,759	-	35,759	20,269
Technology		94,796	3,950	98,746	78,031	176,777	96,217
Food service		534,843	22,285	557,128	-	557,128	506,528
Student services		453,698	18,904	472,602	-	472,602	406,430
Office expense		69,773	2,907	72,680	150,365	223,045	198,780
Depreciation and amortization		314,610	13,109	327,719	1,860	329,579	154,107
Other		171,656	7,152	178,808	4,696	183,504	43,504
		<u>\$ 8,009,341</u>	<u>\$ 333,720</u>	<u>\$ 8,343,061</u>	<u>\$ 1,420,850</u>	<u>\$ 9,763,911</u>	<u>\$ 8,396,331</u>

The accompanying notes are an integral part of the financial statements.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

	June 30,	
	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 714,148	\$ 895,441
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Bad debt expense	178,808	27,247
Depreciation and amortization	329,579	154,107
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	275,958	(197,383)
Accounts receivable	(139,859)	(479,910)
Prepaid expenses	(221,555)	3,599
Accounts payable and accrued expenses	<u>(109,105)</u>	<u>237,822</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	1,027,974	640,923
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(1,168,847)	(542,234)
Increase in escrow account	<u>(151)</u>	<u>(143)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(1,168,998)</u>	<u>(542,377)</u>
NET (DECREASE) INCREASE IN CASH	(141,024)	98,546
Cash at beginning of year	<u>1,672,015</u>	<u>1,573,469</u>
CASH AT END OF YEAR	<u>\$ 1,530,991</u>	<u>\$ 1,672,015</u>

The accompanying notes are an integral part of the financial statements.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

True North Troy Preparatory Charter School (the “Charter School”), is an educational corporation operating as a charter school in Troy, New York. On March 11, 2008, the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. During the year ended June 30, 2013, the charter was extended through July 31, 2014. During the year ended June 30, 2014, the charter was approved for a full-term renewal for a period of five years to commence August 1, 2014.

The Charter School’s mission is to prepare all students to enter and succeed in college through effort, achievement, and the content of their character.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

These classes of net assets are defined as follows:

Permanently restricted – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Charter School. The Charter School had no permanently restricted net assets at June 30, 2018 or 2017.

Temporarily restricted – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Charter School pursuant to those stipulations. The Charter School had no temporarily restricted net assets at June 30, 2018 or 2017.

Unrestricted – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current unrestricted net assets for specific purposes, projects or investment.

Revenue and support recognition

Revenue from state and local governments resulting from the Charter School’s charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the Charter School when qualifying expenditures are incurred and billable.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018 AND 2017

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Contributions

Contributions received are recorded as unrestricted, temporarily or permanently restricted support depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as unrestricted revenue.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash

Cash balances are maintained at a financial institution located in New York and are insured by the FDIC up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Escrow account

A savings account is held by the Charter School as an escrow account in accordance with the terms of their charter agreement. The amount in escrow as of June 30, 2018 and 2017 was \$75,465 and \$75,314, respectively. The escrow account is restricted to fund legal and other costs should the Charter School cease operations and dissolve.

Grants and contracts receivables

Grants and contracts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off as bad debt expense or against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2018 or 2017.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to ten years.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2015 through June 30, 2018 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018 AND 2017

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require “specialized skills” and would typically not be purchased if they were not contributed. The Charter School received donated transportation and other services from the local school district. The Charter School was unable to determine a value for these services.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for the year ended June 30, 2017

The financial statements include certain prior year summarized comparative information in total but not by functional classification. 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 Charter School’s financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 16, 2018, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted, except as disclosed in Note H.

NOTE B: RELATED PARTY TRANSACTIONS

Uncommon Schools, Inc. (“USI”), a not-for-profit organization dedicated to helping start and run charter schools, provides management and other administrative support services to the Charter School. The Charter School entered into a five-year agreement with USI, dated July 1, 2009 which was renewed for an additional five years on July 1, 2014 and amended on November 1, 2017, which among other changes, extended the term through June 30, 2022. Under the agreement, the Charter School pays USI a service fee of a set percentage of the average number of students enrolled at the Charter School during the school year multiplied by the approved per pupil operating expenses for the school year, and a percentage of all other public entitlement funding receivable during the fiscal year, excluding in-kind contributions and funds from competitive public grants. This percentage is fixed at 8% through June 30, 2022 for the Troy Prep Elementary School program and the Troy Prep Middle School program. The percentage for the Troy Prep High School program is fixed at 10% for years ended June 30, 2018 through 2020. The rate decreases to 9.5% for the year ended June 30, 2021, and again to 9% for year ended June 30, 2022. The fees incurred for the years ended June 30, 2018 and 2017 were approximately \$778,000 and \$689,000, respectively. Approximately \$133,000 and \$172,000 were included in accounts payable, relating to USI, at June 30, 2018 and 2017, respectively. There were no amounts included in accounts receivable, relating to USI, at June 30, 2018 and 2017, respectively.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018 AND 2017

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

Effective August 1, 2011, the Charter School signed a lease agreement with True North Tyler Street, LLC, a wholly-owned subsidiary of USI. The lease requires monthly payments of \$42,175 through July 2036.

Effective October 7, 2014, the Charter School signed a lease with True North Troy Real Estate, LLC, a wholly-owned subsidiary of USI for a parking lot. The lease requires yearly payments of \$5,750 through February 2018. After that point in time, the lease shall automatically be renewed for periods of five years, not to extend beyond July 2036. The rent for the option periods will total \$1 per year, however the parties may subsequently determine to modify this by mutual agreement, no later than 90 days prior to the expiration of the lease. In the current year, the agreement automatically renewed and no other rent payment was agreed upon, therefore the basic rent for the five-year option period will be \$1 per year.

Effective July 1, 2017, the Charter School signed a lease with True North River Street, LLC, a wholly-owned subsidiary of USI. The lease requires annual payments of \$40,000 through June 2018. In addition, the Charter School has committed to paying \$360,000 towards renovation work on the property. This amount was paid on October 11, 2017. Effective July 1, 2018, the annual rent increases to \$330,000 through June 30, 2019 with five automatic renewal periods for five years each through June 30, 2044.

Future minimum payments on these leases are as follows assuming all renewals are selected:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 836,100
2020	836,100
2021	836,100
2022	836,100
2023	836,100
Thereafter	<u>13,551,475</u>
	<u>\$ 17,731,975</u>

Rent expense incurred was \$553,086 and \$538,624 for the years ended June 30, 2018 and June 30, 2017, respectively.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018 AND 2017

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2018	2017
Furniture and fixtures	\$ 282,792	\$ 232,292
Computers and software	972,696	1,163,410
Leasehold improvements	1,435,355	483,977
Construction in Progress	30,000	56,980
	<u>2,720,843</u>	<u>1,936,659</u>
Less accumulated depreciation and amortization	<u>1,073,775</u>	<u>1,128,859</u>
	<u>\$ 1,647,068</u>	<u>\$ 807,800</u>

NOTE D: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering most employees. For employees who have 2 years of service or less the Charter School matches employees' contributions up to the lesser of 3% of gross payroll or \$3,500. Effective July 1, 2012, for employees who have 3 years of service or more the Charter School will match up to the lesser of 4% of gross payroll or \$4,000. Effective July 1, 2013, for employees who have 4 years of service or more the Charter School will match up to the lesser of 5% of gross payroll or \$5,000. The Charter School's total contribution to the Plan for the years ended June 30, 2018 and 2017 approximated \$99,600 and \$101,800, respectively.

NOTE E: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

There are amounts approximating \$825,000 due from the Lansingburgh Central School District which are included in the accounts receivable balance at June 30, 2018. Historically the Charter School has had difficulty collecting receivables directly from this district and has needed to file intercepts with New York State to collect the amounts due directly from the New York State Education Department. Intercepts will be filed for the outstanding amounts due from this district as of June 30, 2018. Approximately \$150,000 of receivables from Lansingburgh Central School District date back to revenues earned in the year ending June 30, 2017. The Charter School, through a law firm, made a formal demand for payment from New York State in August 2018 for all amounts due. Historically the Charter School has been successful collecting intercept funds, and management believes that all remaining amounts due will eventually be received through the intercept process or through the lawsuit which is in process.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018 AND 2017

NOTE F: CONCENTRATIONS

At June 30, 2018 approximately 90% of accounts receivable was due from one school district. At June 30, 2017 approximately 86% of accounts receivable were due from two school districts.

During the years ended June 30, 2018 and 2017, 88% and 90%, respectively, of total revenues, gains and other support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE G: OPERATING LEASE

The Charter School leases office equipment under non-cancelable lease agreements through October 2021. The future minimum payments on these agreements are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 15,398
2020	10,198
2021	<u>3,399</u>
	<u>\$ 28,995</u>

NOTE H: SUBSEQUENT EVENT

In August 2018, The New York State Education Department (NYSED) notified the Charter School that it had over-allocated approximately \$54,000 in Title IIA funding to the Charter School for the year ended June 30, 2018. NYSED will reduce the Charter School's Title IIA funding for a period of up to five years to recoup the over-allocated funding. The Charter School has not accounted for this over-allocated funding as a liability as of June 30, 2018.

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
True North Troy Preparatory Charter School

We have audited the financial statements of True North Troy Preparatory Charter School as of and for the year ended June 30, 2018, and we have issued our report thereon dated October 16, 2018, which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2018 financial statements as a whole. The 2018 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2018 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 audit of the 2018 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 financial statements or to the 2018 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 for the year ended June 30, 2018, as a whole.

We have also audited the financial statements of True North Troy Preparatory Charter School as of and for the year ended June 30, 2017, and our report thereon dated October 25, 2017, expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2017 financial statements as a whole. The 2017 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2017 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 audit of the 2017 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 2017 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 for the year ended June 30, 2017, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 16, 2018

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

SCHEDULE OF ELEMENTARY SCHOOL, MIDDLE SCHOOL, AND HIGH SCHOOL ACTIVITIES

YEAR ENDED JUNE 30, 2018

	High School	Middle School	Elementary School	Total
Revenues, gains and other support:				
Public school district				
Resident student enrollment	\$ 644,375	\$ 3,369,914	\$ 4,820,630	\$ 8,834,919
Students with disabilities	21,468	181,470	135,027	337,965
Grants and contracts:				
Federal - Title and IDEA	-	-	373,023	373,023
Federal - Other	188,427	44,846	116,323	349,596
Food service/child nutrition program	64,251	220,901	282,599	567,751
TOTAL REVENUE, GAINS AND OTHER SUPPORT	918,521	3,817,131	5,727,602	10,463,254
Personnel services costs:				
Administrative staff personnel	329,913	621,464	594,686	1,546,063
Instructional personnel	314,832	921,652	1,413,175	2,649,659
Non-instructional personnel	-	-	78,159	78,159
TOTAL STAFF AND SALARIES	644,745	1,543,116	2,086,020	4,273,881
Fringe benefits and payroll taxes	88,000	269,575	367,874	725,449
Retirement	5,980	45,485	48,126	99,591
Management fees	66,584	284,714	426,294	777,592
Legal service	12,185	14,820	13,399	40,404
Accounting and audit services	13,744	7,360	7,363	28,467
Other professional and consulting services	37,200	61,610	86,913	185,723
Building and land rent	35,427	205,315	312,344	553,086
Repairs and maintenance	79,653	95,426	143,228	318,307
Insurance	39,150	39,151	39,150	117,451
Utilities	28,964	33,279	48,176	110,419
Supplies and materials	82,690	37,397	71,838	191,925
Equipment/Furnishings	24,699	12,182	31,293	68,174
Professional development	74,351	91,694	129,003	295,048
Marketing and recruitment	18,784	10,232	6,743	35,759
Technology	68,420	49,507	58,850	176,777
Food service	48,859	220,046	288,223	557,128
Student services	103,849	179,177	189,576	472,602
Office expense	36,567	93,055	93,423	223,045
Depreciation and amortization	45,061	101,418	183,100	329,579
Other	1,363	58,690	123,451	183,504
TOTAL EXPENSES	1,556,275	3,453,249	4,754,387	9,763,911
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(637,754)	363,882	973,215	699,343
Support and other revenue:				
Contributions				
Foundations	-	-	4,000	4,000
Individuals	-	-	-	-
Corporations	-	-	-	-
Miscellaneous income	-	3,380	7,425	10,805
TOTAL SUPPORT AND OTHER REVENUE	-	3,380	11,425	14,805
CHANGE IN NET ASSETS	\$ (637,754)	\$ 367,262	\$ 984,640	\$ 714,148

TRUE NORTH TROY PREPARATORY CHARTER SCHOOL

SCHEDULE OF ELEMENTARY SCHOOL, MIDDLE SCHOOL , AND HIGH SCHOOL ACTIVITIES

YEAR ENDED JUNE 30, 2017

	High School	Middle School	Elementary School	Total
Revenue, gains and other support:				
Public school district				
Resident student enrollment	\$ -	\$ 3,365,985	\$ 4,628,029	\$ 7,994,014
Students with disabilities	-	200,532	143,044	343,576
Grants and contracts:				
Federal - Title and IDEA	-	46,035	227,216	273,251
Federal - Other	160,000	-	4	160,004
Food service/child nutrition program	-	220,249	280,317	500,566
TOTAL REVENUE, GAINS AND OTHER SUPPORT	160,000	3,832,801	5,278,610	9,271,411
Personnel services costs:				
Administrative staff personnel	170,966	607,275	614,454	1,392,695
Instructional personnel	4,167	999,122	1,447,041	2,450,330
Non-instructional personnel	-	19,750	19,750	39,500
TOTAL STAFF AND SALARIES	175,133	1,626,147	2,081,245	3,882,525
Fringe benefits and payroll taxes	17,087	314,645	362,094	693,826
Retirement	-	62,307	39,501	101,808
Management fees	-	289,004	399,863	688,867
Legal service	319	1,557	1,699	3,575
Accounting and audit services	-	11,567	11,567	23,134
Other professional and consulting services	967	78,234	88,256	167,457
Building and land rent	-	255,976	282,648	538,624
Repairs and maintenance	-	110,356	130,313	240,669
Insurance	-	35,641	43,868	79,509
Utilities	-	41,770	55,113	96,883
Supplies and materials	758	54,322	56,268	111,348
Equipment/Furnishings	-	96,957	31,414	128,371
Professional development	99	83,003	130,798	213,900
Marketing and recruitment	592	11,157	8,520	20,269
Technology	2,036	40,525	53,656	96,217
Food service	-	217,054	289,474	506,528
Student services	-	219,455	186,975	406,430
Office expense	-	83,623	115,157	198,780
Depreciation and amortization	-	70,665	83,442	154,107
Other	-	7,469	36,035	43,504
TOTAL EXPENSES	196,991	3,711,434	4,487,906	8,396,331
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(36,991)	121,367	790,704	875,080
Support and other revenue:				
Contributions				
Foundations	-	-	4,000	4,000
Individuals	-	1,000	-	1,000
Corporations	-	88	112	200
Miscellaneous income	-	6,459	8,702	15,161
TOTAL SUPPORT AND OTHER REVENUE	-	7,547	12,814	20,361
CHANGE IN NET ASSETS	\$ (36,991)	\$ 128,914	\$ 803,518	\$ 895,441