

VOICE CHARACTER SCHOOL

OCTOBER 16, 2023



CERTIFIED TO

THE QUALITY STANDARDS OF THE ASSOCIATION OF MBAs

October 16, 2020

To the Audit Committee
VOICE Charter School

We have audited the financial statements of VOICE Charter School for the year ended 30, 2020 and are prepared to issue our report on them. Our audit was conducted in accordance with the standards of the Board of Accountancy and requires that we provide you with the following information related to our audit. In the current year, we did not have any recommendations related to opportunities for strengthening the internal controls or enhancing operating efficiency.

REQUIRED COMMUNICATIONS

A. Our Responsibilities

As stated in our report, our responsibility, as described by professional standards, is to express an opinion on whether the financial statements prepared by management with your oversight are fairly presented in all material aspects in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform an audit that is reasonable but not absolute, as we cannot guarantee that the financial statements are free of material misstatement. As part of our audit, we've considered the risk that internal controls of VOICE Charter School were solely for the purpose of determining audit procedures and not to provide any assurance concerning such internal controls. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures to detect such matters.

B. Material Scope and Timing of the Audit

We performed our audit according to the planned scope and timing of our audit, and our meeting dates and procedures were made for 2020.

C. Audit Independence

We affirm that MBAAF CPAs, LLC is independent with respect to VOICE Charter School.

D. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies with the terms of our engagement letter. We will advise you about the appropriateness of accounting policies and their application. The significant accounting policies used by VOICE Charter School are described in Note 2 to the financial statements.

We noted no transactions entered into by the school during the year for which there is a lack of authoritative guidance or consensus. There are no transactions that have occurred during the financial statements in a different period than when the transaction occurred.

An independent member of Baker Tilly International



E. Accounting Estimates Used in the Financial Statements:

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Allowance for Doubtful Accounts:

As of June 30, 2020, VOICE Charter School recorded grants and other receivables of \$396,555. Management concluded that no allowance for doubtful accounts was necessary. Management calculated based on the assessment of the credit-worthiness of the School's donors, the aged basis of the receivables, as well as economic conditions and historical information. Based on our audit procedures which included a discussion with the school leadership and a review of subsequent collections we concur with management's conclusion.

Pension Plan:

The School participates in the Teachers' Retirement System of the City of New York ("TRS" or the "Plan"), which covers principals and teachers. Employees enrolled in the Plan are required to contribute a range of 0% to 6% depending on when they enrolled in the Plan. Employees become vested in the School's contribution to the Plan after ten years of service. The School's contribution is a rate based on actuarial assumptions and methods. During the years ended June 30, 2020 and 2019, the School used a rate of 9.83% and 10.23%, respectively. For the years ended June 30, 2020 and 2019, the School incurred pension expense of \$540,401 and \$454,693, respectively, which is included in retirement benefits in the accompanying statements of functional expenses.

Functional Statement Allocation:

Management's estimate of the allocation of functional expenses is directly identified with the program or supporting service to which they relate. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Depreciation:

Management's estimate of depreciation is based on estimated useful lives of assets. We evaluated the estimated useful lives of assets in comparison to generally accepted accounting principles in determining that it is reasonable in relation to the financial statements taken as a whole.

F.



G. Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We will identify those adjustments proposed both corrected and uncorrected:

Proposed and Corrected:

In the current year, (en)-3.7 (t)3.,7 ()-3.7 re(a)-3.7 3 (.)-2.8c oa.7 (f)-1j1.7 (o).7 ()5.-3.8 (ch)7 (sst)-1.7 (at)-1.7 (e)-1.7 (ate)7 ((M)-2.7 (at)-3.7s((ag)8.8ren)-3d).7dD(7d) (ag)8.8.7dD(7d)s (i)1.7 (a[(I)-1.4(i)-18.7 u(dD(7d)ni)D(7d)c.7dD(7d)ren)



K. Other Audit Findings or Issues:

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We wish to thank management and personnel



VOICE CHARTER SCHOOL

FINANCIAL STATEMENTS

2016

VOICE CHARTER SCHOOL

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
VOICE Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of VOICE Charter School (the "School") which are comprised of the statements of financial position as of June 30, 2020 and 2019, the statements of activities, functional expense expenses, and fund balances for the years ended then, and 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, which includes the design, implementation, and maintenance of internal control systems that are necessary for 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. These 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 School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. However, for the purpose of expressing an opinion on the effectiveness of the School'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 VOICE Charter School as of June 30, 2020 and 2019, 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.

Emphasis of Matter

VOICE CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Cash and cash equivalents	\$ 4,995,694	\$ 2,829,122
Cash - restricted	70,000	70,000
Grants and other receivables	396,555	307,196
Investments	1,617,343	1,499,045
Prepaid expenses and other assets	247,914	303,239
Property and equipment, net	2,361,956	2,481,610
Construction in progress	<u>276,629</u>	<u>298,513</u>
TOTAL ASSETS	<u>\$ 9,966,091</u>	<u>\$ 7,788,725</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 219,251	\$ 115,939
Accrued salaries and other payroll related expenses	1,960,764	1,827,574
Paycheck Protection Program loan payable	1,883,624	-
Deferred rent	<u>1,202,670</u>	<u>1,203,721</u>
TOTAL LIABILITIES	5,266,309	3,147,234
NET ASSETS		
Net assets - without donor restrictions	<u>4,699,782</u>	<u>4,641,491</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,966,091</u>	<u>\$ 7,788,725</u>

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

	2020	2019
OPERATING REVENUE WITHOUT DONOR RESTRICTIONS		
State and local per pupil operating revenue	\$ 12,300,630	\$ 11,603,322
Government grants and contracts	1,203,594	1,354,756
	13,504,224	12,958,078
EXPENSES		
Program services	11,874,023	10,701,270
Management and general	1,691,859	

Supporting
Services

	No. of Positions	General Education	Special Education	Total Program	Supporting Services Management and General	2019
Personnel services costs:						
Instructional personnel	81	\$ 5,400,518	\$ 1,038,499	\$ 6,439,017	\$ -	\$ 6,439,017
Administrative personnel	32	-	-	-	920,229	920,229
Total salaries and staff	113	5,400,518	1,038,499			

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 13,414,865	\$ 13,224,823
Cash received from interest income	2,719	5,723
Other cash received	102,860	53,576
Cash paid to employees and suppliers	(12,960,866)	(11,960,232)
NET CASH PROVIDED BY OPERATING ACTIVITIES	559,578	1,323,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(855,429)	(1,492,657)
Proceeds from sale of investments	751,501	-
Purchase of property and equipment	(54,659)	(194,437)
Construction in progress	(118,043)	(152,457)
NET CASH USED IN INVESTING ACTIVITIES	(276,630)	(1,839,551)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	1,883,624	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,883,624	-
NET INCREASE (DECREASE) IN CASH	2,166,572	(515,661)
CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED - BEGINNING OF YEAR	2,899,122	3,414,783
CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED - END OF YEAR	\$ 5,065,694	\$ 2,899,122

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets	\$ 58,291	\$ 680,161
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	314,240	331,467
Unrealized gain on investments	(11,106)	(6,388)
Realized gain on investments	(3,264)	-
Deferred rent	(1,051)	15,128
Changes in operating assets and liabilities:		
Grants and other receivables	(89,359)	266,745
Prepaid expenses and other assets	55,325	97,974
Accounts payable and accrued expenses	m8cru.R.0.79265 0 Td [(125 0 Td [()-86.7)])TJ 13.605 0 Td ((152,457))0-1..p.559(152,451	

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VOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

VOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are being depreciated in accordance with the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease. The School has established a \$5,000 threshold above which assets are capitalized. Property and equipment acquired with certain

VOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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VOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

4. INVESTMENTS (CONTINUED)

Determination of Fair Values (continued)

The aggregate cost basis, gross unrealized gains and losses, and fair market value of the investments at June 30, 2020 and 2019, are as follows:

June 30, 2020	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
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VOICE CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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
VOICE Charter School

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 VOICE Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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 16, 2020.

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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and

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.



New York, NY
October 16, 2020

VOICE Charter School FY21 Budget

	<u>FY21 Budget</u>
Revenue	
Gen Ed per Pupil	\$ 11,060,378
NYS Facilities Funding	679,949
State Grants	56,159
Federal Grants	324,497
US DOE COVID-19 Aid	240,100
Misc. Income	54,862
Bond Portfolio Activity	30,000
SPED per Pupil	1,672,788
Total Revenue	14,118,733
Expenses	
Compensation	
Wages	8,832,187
Benefits	2,850,711
Total Compensation	11,682,897
OTPS	
Temporary Help	151,421
Contractual Services	857,790
Administrative	39,310
Curriculum and Classroom	353,996
Technology/Communications	207,958
Misc. Expenses	211,547
Occupancy	1,231,657
Total OTPS	3,053,679
Total Expenses	<u>14,736,577</u>
Revenue Over (Under) Expenses	<u>(617,844)</u>

Citibank CBO Services 638
P.O. Box 6201
Sioux Falls, SD 57117-6201

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CITIBANK, N. A.

VOICE CHARTER SCHOOL OF NY
ESCROW FOR
C/O RICHARD GRASSEY
107 RIVER ROAD
SCARBOROUGH NY 10510

Control Account:

Statement Period
Sep 1 - Sep 30, 2020

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CitiEscrow CONTROL ACCOUNT DETAIL FROM SEP 1, 2020 THRU SEP 30, 2020

CitiEscrow Control Checking

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