

# **Growing Up Green Charter School**

Financial Statements

June 30, 2020 and 2019



## Independent Auditors' Report

**Board of Trustees  
Growing Up Green Charter School**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Growing Up Green Charter School (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of the 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 the 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 the School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
September 30, 2020

## Growing Up Green Charter School

### Statements of Financial Position

	June 30,	
	2020	2019
<b>ASSETS</b>		
Current Assets		
Cash	\$ 4,977,737	\$ 3,164,815
Grants and contracts receivable	308,201	88,997
Prepaid expenses and other current assets	227,588	331,000
Due from related party	358,691	337,612
Total Current Assets	5,872,217	3,922,424
Property and equipment, net	746,148	1,007,047
Restricted cash - line of credit	761,570	758,889
Restricted cash - escrow	71,266	71,624
Security deposits	79,270	65,000
	\$ 7,530,471	\$ 5,824,984
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 139,595	\$ 152,100
Accrued payroll and payroll taxes	940,155	894,256
Deferred rent, current portion	76,876	18,209
Refundable advances	-	18,486
Total Current Liabilities	1,156,626	1,083,051
Paycheck Protection Program loan payable	941,895	-
Deferred rent	176,276	154,826
Total Liabilities	2,274,797	1,237,877
Net assets, without donor restrictions	5,255,674	4,587,107
	\$ 7,530,471	\$ 5,824,984

See notes to financial statements

## Growing Up Green Charter School

### Statements of Activities

	Year Ended June 30,	
	2020	2019
<b>OPERATING REVENUE</b>		
Public School District		
Regular student enrollment	\$ 13,057,179	\$ 12,793,980
Students with disabilities	1,859,502	2,072,349
Facilities funding	443,365	421,883
Grants and Contracts		
Federal - E-Rate, IDEA, and Titles	324,253	390,355
State and local	29,165	20,286
Total Operating Revenue	15,713,464	15,698,853
<b>EXPENSES</b>		
Program Services		
Regular education	9,026,105	9,402,986
Special education	4,162,392	4,121,843
Other education - after school	71,567	272,467
Total Program Services	13,260,064	13,797,296
Supporting Services		
Management and general	1,915,836	1,641,839
Fundraising	93,539	79,142
Total Expenses	15,269,439	15,518,277
Surplus from Operations	444,025	180,576
<b>SUPPORT AND OTHER REVENUE</b>		
Contributions	221,659	234,201
Other income	2,883	5,235
Total Support and Other Revenue	224,542	239,436
Change in Net Assets	668,567	420,012
<b>NET ASSETS</b>		
Beginning of year	4,587,107	4,167,095
End of year	\$ 5,255,674	\$ 4,587,107

See notes to financial statements

**Growing Up Green Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2020

	No. of Positions	Program Services			Total	Management and Fundraising		Total
		Regular Education	Special Education	After School		General	Fundraising	
<b>Personnel Services Costs</b>								
Administrative staff personnel	21	\$ 970,611	\$ 498,865	\$ -	\$ 1,469,476	\$ 700,094	\$ 58,187	\$ 2,227,757
Instructional personnel	95	4,485,514	2,111,328	43,420	6,640,262	823	-	6,641,085
Non-Instructional personnel	14	245,474	84,024	-	329,498	254,451	631	584,580
Total Salaries and Staff	130	5,701,599	2,694,217	43,420	8,439,236	955,368	58,818	9,453,422
Fringe benefits and payroll taxes		1,148,909	542,902	8,749	1,700,560	192,513	11,852	1,904,925
Retirement		98,207	46,406	748	145,361	16,456	1,013	162,830
Legal fees		3,409	1,611	26	5,046	571	35	5,652
Accounting and audit services		-	-	-	-	168,615	-	168,615
Other purchased services		136,573	44,483	323	181,379	304,480	3,441	489,300
Rent expense		887,490	419,372	6,759	1,313,621	148,709	9,155	1,471,485
Repairs and maintenance		28,130	13,292	214	41,636	4,713	290	46,639
Insurance		58,951	27,857	449	87,257	9,878	608	97,743
Utilities		84,642	39,997	645	125,284	14,183	873	140,340
Supplies and materials		174,064	50,854	6,705	231,623	4,476	276	236,375
Equipment and furnishings		39,581	12,136	67	51,784	1,468	90	53,342
Staff and professional development		21,620	5,609	-	27,229	4,260	-	31,489
Marketing and recruiting		47,898	18,433	215	66,546	4,722	2,691	73,959
Technology		89,893	42,478	685	133,056	15,063	927	149,046
Food services		438	114	-	552	-	-	552
Student services		157,578	40,884	-	198,462	-	-	198,462
Office expense		98,319	46,459	749	145,527	16,474	1,014	163,015
Depreciation and amortization		215,665	101,910	1,642	319,217	36,137	2,225	357,579
Other		33,139	13,378	171	46,688	17,750	231	64,669
<b>Total Expenses</b>		<b>\$ 9,026,105</b>	<b>\$ 4,162,392</b>	<b>\$ 71,567</b>	<b>\$ 13,260,064</b>	<b>\$ 1,915,836</b>	<b>\$ 93,539</b>	<b>\$ 15,269,439</b>

**Growing Up Green Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2019

	No. of Positions	Program Services			Total	Management and Fundraising		Total
		Regular Education	Special Education	After School		General	Fundraising	
<b>Personnel Services Costs</b>								
Administrative staff personnel	16	\$ 859,126	\$ 439,210	\$ -	\$ 1,298,336	\$ 634,903	\$ 48,015	\$ 1,981,254
Instructional personnel	94	4,652,804	2,098,155	169,190	6,920,149	1,411	-	6,921,560
Non-Instructional personnel	14	223,330	76,700	-	300,030	241,513	613	542,156
Total Salaries and Staff	124	5,735,260	2,614,065	169,190	8,518,515	877,827	48,628	9,444,970
Fringe benefits and payroll taxes		1,271,558	579,561	37,511	1,888,630	194,623	10,781	2,094,034
Retirement		73,263	33,392	2,161	108,816	11,214	621	120,651
Legal fees		25,062	11,423	739	37,224	3,838	212	41,274
Accounting and audit services		-	-	-	-	97,695	-	97,695
Other purchased services		264,179	78,960	1,768	344,907	216,019	4,373	565,299
Rent expense		693,998	316,316	20,473	1,030,787	106,222	5,884	1,142,893
Repairs and maintenance		44,477	20,272	1,312	66,061	6,808	377	73,246
Insurance		49,877	22,733	1,471	74,081	7,635	423	82,139
Utilities		92,189	42,019	2,720	136,928	14,111	782	151,821
Supplies and materials		194,533	52,734	19,423	266,690	2,675	148	269,513
Equipment and furnishings		33,352	10,040	234	43,626	1,211	67	44,904
Staff and professional development		46,681	11,803	-	58,484	4,706	-	63,190
Marketing and recruiting		74,874	27,597	1,260	103,731	6,536	2,762	113,029
Technology		98,108	44,716	2,894	145,718	15,016	832	161,566
Food services		5,627	1,422	-	7,049	-	-	7,049
Student services		296,515	74,971	-	371,486	-	-	371,486
Office expense		122,156	55,677	3,604	181,437	18,696	1,036	201,169
Depreciation and amortization		240,898	109,799	7,106	357,803	36,871	2,043	396,717
Other		40,379	14,343	601	55,323	20,136	173	75,632
<b>Total Expenses</b>		<b>\$ 9,402,986</b>	<b>\$ 4,121,843</b>	<b>\$ 272,467</b>	<b>\$ 13,797,296</b>	<b>\$ 1,641,839</b>	<b>\$ 79,142</b>	<b>\$ 15,518,277</b>

## Growing Up Green Charter School

### Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 668,567	\$ 420,012
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	357,579	396,717
Deferred rent	80,117	(61,294)
Changes in operating assets and liabilities		
Grants and contracts receivable	(219,204)	340,017
Prepaid expenses and other current assets	103,412	(151,055)
Due from related party	(21,079)	193,173
Security deposits	(14,270)	-
Accounts payable and accrued expenses	(12,505)	102,874
Accrued payroll and payroll taxes	45,899	167,167
Refundable advances	(18,486)	11,949
Net Cash from Operating Activities	970,030	1,419,560
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Purchases of property and equipment	(96,680)	(147,432)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Paycheck Protection Program loan proceeds	941,895	-
Net Change in Cash and Restricted Cash	1,815,245	1,272,128
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	3,995,328	2,723,200
End of year	\$ 5,810,573	\$ 3,995,328

The following table provides a reconciliation of cash and restricted cash within the statements of financial position:

Cash	\$ 4,977,737	\$ 3,164,815
Restricted cash - line of credit	761,570	758,889
Restricted cash - escrow	71,266	71,624
	\$ 5,810,573	\$ 3,995,328

See notes to financial statements

# Growing Up Green Charter School

Notes to Financial Statements  
June 30, 2020 and 2019

## 1. Organization and Tax Status

Growing Up Green Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on December 16, 2008 to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on December 16, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The Board of Regents approved and issued several renewals to the School's charter expiring on June 30, 2022. The School's mission is to empower children to be conscious, contributing members of their community through a rigorous curriculum and an engaging green culture. Graduates of the School will be prepared to attend high performing schools where their interdisciplinary academic foundations, knowledge of sustainability, and strong sense of self sets them apart as leaders of the future. Classes commenced in Long Island City, New York, on September 9, 2009 and the School provided education to approximately 798 students in grades kindergarten through eighth during the 2019-2020 academic year.

The New York City Department of Education provides free lunches and transportation directly to some of the School's students. Such costs are not included in these financial statements. The School covers a portion of the cost of lunches for children not entitled to the free lunches.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### ***Adoption of New Accounting Policies***

#### *Recognition of Contributions*

Effective July 1, 2019, the School adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance provides a framework for evaluating whether contributions and grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the School recognizes contributions and grants, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

## **Growing Up Green Charter School**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Adoption of New Accounting Policies (continued)***

##### ***Restricted Cash***

In November 2016, the Financial Accounting Standards Board issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires significant changes regarding how restricted cash is classified and presented on the statement of cash flows. On July 1, 2019, the School adopted the new guidance regarding the presentation and classification of restricted cash. The guidance requires the School to 1) include restricted cash and restricted cash equivalents in the cash and cash equivalent balances on the statements of cash flows, 2) provide a reconciliation between the statements of financial position and the statements of cash flows when more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents is presented on the statements of financial position, 3) eliminate the presentation of transfers between restricted cash and cash, and 4) include disclosures about the nature of the restrictions for material balances. Adoption of the ASU resulted in a change in the accounting for restricted cash on the consolidated statements of cash flows.

##### ***Net Asset Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Net assets without donor restrictions* - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

*Net assets with donor restrictions* – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions as of June 30, 2020 and 2019.

##### ***Restricted Cash***

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

Under a line of credit agreement, the School granted the lender a security interest in one of its deposit accounts to secure the indebtedness of Growing Up Green II (see Note 9). At June 30, 2020 and 2019, there was no balance payable on the line of credit.

## Growing Up Green Charter School

Notes to Financial Statements  
June 30, 2020 and 2019

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Property and Equipment***

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Equipment	5 years
Furniture and fixtures	7 years
Software	3 years
Website development	5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2020 and 2019.

#### ***Refundable Advances***

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

#### ***Revenue and Support***

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

## Growing Up Green Charter School

Notes to Financial Statements  
June 30, 2020 and 2019

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Functional Expense Allocation***

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

#### ***Marketing and Recruitment***

Marketing and recruitment costs are expensed as incurred for staff and student recruitment. Marketing and recruitment expense for the years ended June 30, 2020 and 2019 was \$73,959 and \$113,029.

#### ***Accounting for Uncertainty in Income Taxes***

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2017.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 30, 2020.

### 3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year.

### 4. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 1,088,986	\$ 1,020,369
Furniture and fixtures	517,577	513,748
Software and website development	19,133	19,133
Leasehold improvements	<u>1,494,093</u>	<u>1,469,859</u>
	3,119,789	3,023,109
Accumulated depreciation and amortization	<u>(2,373,641)</u>	<u>(2,016,062)</u>
	<u>\$ 746,148</u>	<u>\$ 1,007,047</u>

## Growing Up Green Charter School

Notes to Financial Statements  
June 30, 2020 and 2019

### 5. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 4,977,737	\$ 3,164,815
Grants and contracts receivable	308,201	88,997
Due from related party	<u>358,691</u>	<u>337,612</u>
	<u>\$ 5,644,629</u>	<u>\$ 3,591,424</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in liquid instruments until it is required for operational use.

### 6. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k), for the benefit of its eligible employees. Under the plan, the School provided matching contributions up to 5% of the participant's annual compensation. Employer match for the years ended June 30, 2020 and 2019 amounted to \$162,830 and \$120,651.

### 7. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash, cash equivalents and restricted cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2020 and 2019, approximately \$5,560,000 and \$3,745,000 of cash was maintained with an institution in excess of FDIC limits.

### 8. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2020 and 2019, the School received approximately 96% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

## **Growing Up Green Charter School**

Notes to Financial Statements  
June 30, 2020 and 2019

### **9. Related Party Transactions (not disclosed elsewhere)**

#### ***Friends of Growing Up Green***

The School is an affiliate of Friends of Growing Up Green (“Friends of GUG”), a New York State not-for-profit corporation, through common management. Friends of GUG supports the School through technical and financial assistance. There were no material transactions between Friends of GUG and the School for the years ended June 30, 2020 and 2019.

#### ***Growing Up Green Charter School II***

The School is an affiliate of Growing Up Green Charter School II (“GUG II”), a New York State not-for-profit education corporation who both share common management and board members. The School was not required to consolidate financial statements with GUG II as the School does not have an economic interest in the net assets of GUG II. During the years ended June 30, 2020 and 2019, the School charged \$358,691 and \$219,122 of operating expenses to GUG II.

On March 21, 2017, the School co-signed a \$750,000 commercial line of credit with a financial institution along with GUG II. The School assigned and granted the lender a security interest in one of its deposit accounts with the financial institution. The line of credit was paid in full by GUG II as of June 30, 2020 and 2019 but remains open. At June 30, 2020 and 2019, the pledged amount was \$761,570 and \$758,889.

The balance due from GUG II at June 30, 2020 and 2019 was \$358,691 and \$337,612.

### **10. Commitments**

#### ***Facility Leases***

The School is obligated under a non-cancelable operating lease for office and classroom space at 39-27 28<sup>th</sup> Street, Long Island City, New York, which expired on August 31, 2019, with a renewal option for an additional ten years. In August 2019, the lease was renewed through August 2029. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses.

On May 15, 2014, the School entered into an agreement to lease additional property at 36-49 11<sup>th</sup> Street, Long Island City, New York for a period of 10 years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses. This location became the home of Growing Up Green Middle School starting with the 2014-2015 academic year.

## Growing Up Green Charter School

Notes to Financial Statements  
June 30, 2020 and 2019

### 10. Commitments *(continued)*

#### ***Facility Leases (continued)***

The future minimum lease payments for both facility leases, including extension, are as follows for the years ending June 30:

2021	\$ 1,431,166
2022	1,471,248
2023	1,505,803
2024	1,541,177
2025	1,104,836
Thereafter	<u>4,906,631</u>
	<u>\$ 11,960,861</u>

The School recognizes rent expense on a straight-line basis over the term of the lease. Rent expense in excess of payments is recorded as deferred rent in the accompanying statements of financial position. Rent expense for the years ended June 30, 2020 and 2019 amounted to \$1,471,485 and \$1,142,893.

#### ***Equipment Leases***

The School leases various copiers under non-cancelable operating leases expiring at various dates through November 2023. The future minimum lease payments under the copier leases are as follows for the years ending June 30:

2021	\$ 55,186
2022	46,707
2023	29,749
2024	<u>12,395</u>
	<u>\$ 144,037</u>

Equipment leasing expense for the years ended June 30, 2020 and 2019 amounted to \$55,846 and \$50,817.

## **Growing Up Green Charter School**

Notes to Financial Statements  
June 30, 2020 and 2019

### **11. Paycheck Protection Program Loan Payable**

On May 29, 2020, the School received a loan under the Paycheck Protection Program authorized by the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in the amount of \$941,895. In accordance with the requirements under the CARES Act, the loan may be forgiven based on the associated spending in accordance with regulations under the CARES Act. For amounts under the loan that are not forgiven, these amounts are due 2 years from the date of the loan and interest would accrue on the unforgiven loan balance at 1% per year. The debt forgiveness will be recognized at the time that the financial institution that issued the loan has reviewed and approved the associated spending and determined the forgivable portion. Management believes that most or all of the loan will be forgiven based on the current understanding of the legislative guidance.

### **12. Contingency**

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost 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.

### **13. Risks and Uncertainties**

The School's operations and financial performance may be affected by the recent COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the School may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in state and local per pupil operating revenue, shortfalls and variations in enrollment, and operational and other changes that could increase expenses. The outbreak may adversely affect the School's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes the School is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

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**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**

**Board of Trustees  
Growing Up Green Charter School**

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 Growing Up Green 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 September 30, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Harrison, New York  
September 30, 2020