

Merrick Academy Queens Public Charter School

June 30, 2020 and 2019



BKD

CPAs & Advisors
om

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Merrick Academy Queens Public 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.

Supplemental Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated October 27, 2020, on our consideration of Merrick Academy 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 Merrick Academy Queens Public Charter Sch That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Merrick Academy financial reporting and compliance.



New York, New York
October 27, 2020

Merrick Academy Queens Public Charter School
Statements of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 2,487,033 | \$ 953,473 |
| Grants and contracts receivable | 173,156 | 239,556 |
| Prepaid expenses | 101,440 | 83,356 |
| Total current assets | 2,761,629 | 1,276,385 |
| Security deposits | 127,770 | 127,770 |
| eserve | 75,829 | 75,591 |
| | 715,954 | 800,922 |
| Total assets | \$ 3,681,182 | \$ 2,280,668 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 157,012 | \$ 202,559 |
| Accrued salaries and related liabilities | 752,002 | 777,261 |
| Deferred revenue | 25,223 | - |
| Loan payable | 459,518 | - |
| Total current liabilities | 1,393,755 | 979,820 |
| Deferred rent | 184,877 | 221,575 |
| Loan payable | 737,015 | - |
| Total long term liabilities | 921,892 | 221,575 |
| Total liabilities | 2,315,647 | 1,201,395 |
| Net Assets, Without Donor Restrictions | 1,365,535 | 1,079,273 |
| Total liabilities and net assets | \$ 3,681,182 | \$ 2,280,668 |

Merrick Academy Queens Public Charter School
Statements of Activities

Merrick Academy Queens Public Charter School
Statement of Functional Expenses
Year Ended June 30, 2019

| | ** No. of Positions | Education | Special Education | Total | Supporting Services Management and General | Total |
|-------------------------------------|---------------------------|------------|----------------------|------------|---|--------------|
| Personnel service costs | | | | | | |
| Administrative staff personnel | 15 | \$ 579,216 | \$ 362,010 | \$ 941,226 | \$ 506,814 | \$ 1,448,040 |
| Instructional personnel | 64 | 3,014,798 | 1,403,826 | 4,418,624 | - | 4,418,624 |
| Noninstructional personnel | 7 | - | - | - | 419,751 | 419,751 |
| Salaries | | 3,594,014 | 1,765,836 | 5,359,850 | 926,565 | 6,286,415 |
| Payroll taxes and employee benefits | | 867,056 | 426,008 | 1,293,064 | 122,269 | 1,415,333 |
| Retirement | | 78,694 | | | | |

Merrick Academy Queens Public Charter School
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

Merrick Academy Queens Public Charter School
Notes to Financial Statements
June 30, 2020 and 2019

At June 30, 2020 and 2019, all net assets are without donor restrictions and are available to be used for operations.

Merrick Academy Queens Public Charter School
Notes to Financial Statements
June 30, 2020 and 2019

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

As of June 30, 2020, \$25,223 of proceeds received from conditional contributions were recorded as a liability as the conditions had not been met.

Leases

Leases are classified as operating or capital leases in accordance with the terms of the underlying agreements. Operating lease

Merrick Academy Queens Public Charter School
Notes to Financial Statements
June 30, 2020 and 2019

Annual maturities as of June 30, 2020 are:

| | |
|------|---------------------|
| 2021 | \$ 459,518 |
| 2022 | <u>737,015</u> |
| | <u>\$ 1,196,533</u> |

Note 5: Lease Commitments

The School has a lease on the school building which will expire on December 31, 2022. Rent expense for the years ended June 30, 2020 and 2019 was \$830,277 and \$832,092, respectively.

The lease for the building is being straight-lined over the life of the lease. The deferred rent liability as of June 30, 2020 and 2019 was \$184,877 and \$221,575, respectively.

The School entered into noncancelable lease agreements for office equipment expiring at various dates through June 2024. Rent expense for the years ended June 30, 2020 and 2019 was \$105,926 and \$112,534, respectively.

Merrick Academy Queens Public Charter School
Notes to Financial Statements
June 30, 2020 and 2019

Note 7: Retirement Plan

The School sponsors a 401(k) retirement plan for its employees. All employees are immediately eligible to participate in the plan. Employees can make pretax contributions up to a maximum of 100 percent of the annual compensation, subject to IRS restrictions. The School matches the employee contribution up to 4 percent . Pension expense under this plan for the years ended June 30, 2020 and 2019 was \$138,439 and \$128,456, respectively.

Note 8: Liquidity and Availability

financial assets available within one year of the balance sheet date for general expenditures as of June 30, 2020 and 2019 are:

| | 2020 | 2019 |
|---|--------------|--------------|
| Financial assets at year-end | | |
| Cash | \$ 2,487,033 | \$ 953,473 |
| Grants and contracts receivable | 173,156 | 239,556 |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 2,660,189 | \$ 1,193,029 |

The financial assets of the School without donor restrictions or restricted by state laws, are available for general expenditures. As part of liquidity management, the School invests cash in

Merrick Academy

**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***

Board of Trustees
Merrick Academy Queens Public Charter School
Laurelton, New York

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Merrick Academy Queens Public Charter School, 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 financial statements. 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is intended solely for the information of the recipient. Accordingly, this communication is not suitable for any other purpose.



Merrick Academy Queens Public Charter School
Schedule of Findings and Responses
Year Ended June 30, 2020

Findings Required to be Reported by *Government Auditing Standards*

No matters are reportable.

