

**NUASIN NEXT GENERATION CHARTER SCHOOL AND  
AFFILIATE**

**BRONX, NEW YORK**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**OTHER CONSOLIDATING FINANCIAL INFORMATION**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2022**

**(With Comparative Totals for 2021)**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Nuasin Next Generation Charter School and Affiliate

**Report on the Audit of the Consolidated Financial Statements**

*Opinion*

We have audited the accompanying consolidated financial statements of Nuasin Next Generation Charter School and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nuasin Next Generation Charter School and Affiliate as of June 30, 2022, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

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

*Responsibilities of Management for the Consolidated Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Report on Summarized Comparative Information***

We have previously audited Nuasin Next Generation Charter School and Affiliate's June 30, 2021 consolidated financial statements and we expressed an unmodified audit opinion on those consolidated audited financial statements in our report dated October 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated 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 28, 2022 on our consideration of Nuasin Next Generation Charter School and Affiliate'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 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 Nuasin Next Generation Charter School and Affiliate's internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 28, 2022

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(With Comparative Totals for 2021)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents (including restricted cash of \$1,880,568 and \$1,824,918, respectively)	\$ 5,936,793	\$ 6,190,327
Investments	4,135,707	4,230,734
Grants and contracts receivable	1,253,600	604,476
Prepaid expenses	102,885	154,502
TOTAL CURRENT ASSETS	11,428,985	11,180,039
<u>PROPERTY AND EQUIPMENT, net</u>	27,205,386	26,824,398
<u>OTHER ASSETS</u>		
Security deposits	31,523	31,523
Cash in escrow	70,330	70,330
	101,853	101,853
TOTAL ASSETS	<u>\$ 38,736,224</u>	<u>\$ 38,106,290</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of bonds payable	\$ 370,000	\$ 355,000
Accounts payable and accrued expenses	567,885	561,387
Accrued payroll and payroll taxes	870,861	629,024
Accrued compensated absences	62,152	85,644
TOTAL CURRENT LIABILITIES	1,870,898	1,631,055
<u>OTHER LIABILITIES</u>		
Bonds payable, net of unamortized bond issuance costs of \$1,179,208 and \$1,218,515, respectively	24,941,120	25,331,324
Reserve for payment of debt service	1,610,000	1,610,000
	26,551,120	26,941,324
TOTAL LIABILITIES	28,422,018	28,572,379
<u>NET ASSETS - Without donor restrictions</u>	<u>10,314,206</u>	<u>9,533,911</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,736,224</u>	<u>\$ 38,106,290</u>

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

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022  
 (With Comparative Totals for 2021)

	Year ended June 30,	
	2022	2021
Operating revenue and support:		
State and local per pupil operating revenue	\$ 12,083,467	\$ 11,782,588
Federal grants	2,382,127	1,021,587
NYC DoE rental assistance	1,712,440	1,714,950
Investment (loss) income	(103,644)	8,755
Forgiveness of Paycheck Protection Program note payable	-	1,133,237
State grants	36,970	43,187
Miscellaneous income	22,270	21,866
TOTAL OPERATING REVENUE AND SUPPORT	16,133,630	15,726,170
Expenses:		
Program services:		
Educational services	11,327,580	9,033,989
Metropolitan Support Corporation	1,806,346	1,801,264
Management and general	2,219,409	1,709,181
TOTAL EXPENSES	15,353,335	12,544,434
CHANGE IN NET ASSETS	780,295	3,181,736
Net assets at beginning of year	9,533,911	6,352,175
NET ASSETS AT END OF YEAR	\$ 10,314,206	\$ 9,533,911

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

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

	Year ended June 30,					2021
	2022					
	Program Services			Management and General	Total	
Educational Services	Metropolitan Support Corporation	Sub-total				
Personnel services costs:						
Salaries	\$ 6,743,272	\$ -	\$ 6,743,272	\$ 1,321,816	\$ 8,065,088	\$ 6,194,594
Payroll taxes and fringe benefits	1,245,492	-	1,245,492	243,863	1,489,355	1,191,475
Total salaries and related costs	7,988,764	-	7,988,764	1,565,679	9,554,443	7,386,069
Professional fees and consultants	710,666	-	710,666	139,146	849,812	821,346
Management fees	-	-	-	-	-	382,654
Supplies and equipment purchases	508,013	-	508,013	123,110	631,123	566,856
Depreciation and amortization	365,287	535,760	901,047	71,522	972,569	610,573
Insurance	76,790	-	76,790	15,035	91,825	186,279
Interest	-	1,230,896	1,230,896	-	1,230,896	1,248,409
Occupancy and utilities	541,271	-	541,271	82,336	623,607	581,839
Printing	37,457	-	37,457	7,334	44,791	31,406
Staff development and recruitment	376,672	-	376,672	73,751	450,423	267,429
Telephone	52,824	-	52,824	10,343	63,167	45,114
Travel and parking	69,187	-	69,187	13,547	82,734	81,134
Dues and subscriptions	181,509	-	181,509	35,539	217,048	179,500
Student services	271,575	-	271,575	53,173	324,748	-
Other	147,565	39,690	187,255	28,894	216,149	155,826
	<u>\$ 11,327,580</u>	<u>\$ 1,806,346</u>	<u>\$ 13,133,926</u>	<u>\$ 2,219,409</u>	<u>\$ 15,353,335</u>	<u>\$ 12,544,434</u>

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

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 780,295	\$ 3,181,736
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	972,569	610,573
Bond premium amortization	(59,511)	(59,511)
Forgiveness of Paycheck Protection Program note payable	-	(1,133,237)
Amortization of bond issuance costs included in interest expense	39,307	39,307
Realized and unrealized investment losses	117,436	-
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	(649,124)	(320,561)
Prepaid expenses	51,617	(108,008)
Accounts payable and accrued expenses	(7,328)	106,102
Accrued payroll and payroll taxes	241,837	(217,861)
Accrued compensated absences	<u>(23,492)</u>	<u>(1,899)</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	1,463,606	2,096,641
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(1,339,731)	(334,745)
Purchase of investments	<u>(22,409)</u>	<u>(167,614)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(1,362,140)	(502,359)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayments of bonds payable	<u>(355,000)</u>	<u>(340,000)</u>
NET CASH USED FOR FINANCING ACTIVITIES	<u>(355,000)</u>	<u>(340,000)</u>
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(253,534)	1,254,282
Cash, cash equivalents, and restricted cash at beginning of year	<u>6,260,657</u>	<u>5,006,375</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 6,007,123</u>	<u>\$ 6,260,657</u>



NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 5,936,793	\$ 6,190,327
Cash in escrow	<u>70,330</u>	<u>70,330</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 6,007,123</u>	<u>\$ 6,260,657</u>
Cash paid during the year for interest	<u>\$ 1,251,100</u>	<u>\$ 1,268,612</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment in accounts payable	<u>\$ 13,826</u>	<u>\$ 58,680</u>

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

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(With Comparative Totals for 2021)

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

The Organization

Nuasin Next Generation Charter School (the “Charter School”) a New York not-for-profit Education Corporation, together with its wholly owned subsidiaries, 180 W. 165th Street LLC, (the “Company”), and Metropolitan Support Corporation (the “Corporation”) (collectively, the “Organization”) offers education services in classes from kindergarten through grade twelve in the Bronx, New York. The Charter School is a public charter school incorporated on June 24, 2009, pursuant to the New York Charter School Act of 1998. On March 28, 2019, the Charter School’s charter was renewed through June 30, 2022. On May 5, 2022 the Charter School’s charter was renewed through June 30, 2027.

The Charter School was the sole member of 180 W. 165th Street LLC, a limited liability company organized and existing under the law of the State of New York which was formed on June 14, 2017. The purpose of the Company was to become the borrower in a bond offering. The Company used the proceeds to acquire the Charter School’s building, make improvements in the form of a roof-top gymnasium, and lease the space back to the Charter School.

Metropolitan Support Corporation is a not for profit organization incorporated in New York on June 15, 2017 for the purposes of acquiring the Charter School’s sole membership interest in 180 W. 165th Street LLC and to engage in programs and activities to assist the Charter School in carrying on its mission.

In January 2019, the Charter School’s Board of Trustees passed a resolution to transfer the sole membership interest in the Company to Metropolitan Support Corporation, a related entity. As a result, for financial statement purposes the activities of the Company and the Corporation are combined on the June 30, 2022 and 2021 consolidating statement of activities.

Effective July 1, 2021, the Charter School amended its charter and changed its name to Nuasin Next Generation Charter School. The Charter School was previously named Metropolitan Lighthouse Charter School.

Basis of accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Principles of consolidation

The consolidated financial statements reflect the accounts and operations of the Charter School and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions*

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Organization.

*Net Assets With Donor Restrictions*

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization had no net assets with donor restrictions at June 30, 2022 or 2021.

Revenue recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records substantially all revenues over time as follows:

State and local per pupil revenue

The Organization recognizes revenue as educational programming is provided to students throughout the year. The Organization earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the Charter School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Organization and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Organization to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

There were no contract balances at June 30, 2022, 2021, or 2020.

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants and contracts receivable in the accompanying consolidated statement of financial position. There were no amounts received prior to incurring qualifying expenditures, which would be reported as deferred revenue in the accompanying consolidated statement of financial position at June 30, 2022 and 2021. At June 30, 2022, the Organization received cost-reimbursement grants of approximately \$2,666,000 that had not been recognized because qualifying expenditures have not yet been incurred. At June 30, 2021, there were no cost-reimbursement grants not recognized because qualifying expenditures had not yet been incurred.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Cash and cash equivalents

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. Cash equivalents include all high liquid instruments with maturities of three months or less when acquired. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Cash in escrow

At the request of the NYC DOE, the Organization is required to establish a dissolution escrow fund in the amount of \$70,000 as a contingency fund for dissolution expenses. As of June 30, 2022 and 2021, the balance of the account was \$70,330.

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 against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2022 and 2021.

Property and equipment

Property and equipment such as furniture and equipment is carried at cost less accumulated depreciation and amortization, which is provided on the straight-line method over the estimated useful lives of the respective assets (3 – 7 years). Building and building improvements are depreciated over 39 years. Leasehold improvements are capitalized at cost and amortized over the lesser of the term of the lease or the estimated useful life of the improvement.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Investments

Investments are carried at fair value. Net appreciation (depreciation) in the fair value of investments, which includes realized and unrealized gains and losses on those investments, is reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law. Cost basis is determined on the date of purchase.

Bond issuance costs

Bond issuance costs, which consist of deferred financing charges, are stated at cost and are amortized over the term of the bonds which vary from 3 to 35 years. The Organization shows bond issuance costs as a deduction from the carrying amount of bonds payable, net on the accompanying consolidated statement of financial position.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Deferred lease (liability) receivable

180 West 165<sup>th</sup> Street LLC owns a facility and subleases it to the Charter School. The lease contains significant pre-determined fixed escalations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts paid under the lease as deferred lease liability.

In accordance with GAAP, 180 West 165<sup>th</sup> Street LLC recognizes the related rental income on a straight-line basis and records the difference between the recognized rental income and the amounts received under the lease as deferred lease receivable. The deferred lease liability and receivable are properly eliminated in the consolidated statement of financial position. In addition, the rental income and rental expense are also eliminated in the consolidated statement of activities and changes in net assets. See Note G for more detail.

Contributed services

The Organization receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. The Charter School was unable to determine a value for these services.

Tax exempt status

The Charter School and Metropolitan Support Corporation are tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, are exempt from federal and state taxes on income.

The Charter School and Metropolitan Support Corporation file Form 990 tax returns in the U.S. federal jurisdiction. In addition, Metropolitan Support Corporation files a Form CHAR 500 in New York State. The LLC is a single member LLC and is disregarded for tax purposes. The tax returns for the years ended June 30, 2019 through June 30, 2022 are still subject to potential audit by the IRS. Management of the Charter School and Metropolitan Support Corporation believe they have no material uncertain tax positions and, accordingly will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$450,400 and \$267,400 for the years ended June 30, 2022 and 2021, respectively.

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

New accounting pronouncements - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Organization’s financial position or results of operations.

Comparatives for year ended June 30, 2021

The consolidated 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 Organization’s consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the consolidated statement of financial position date through October 28, 2022, which is the date the consolidated financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE B: LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments and accounts receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the supporting services to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by restricted resources. Refer to the consolidated statement of cash flows which identifies the sources and uses the Organization's cash and cash equivalents and shows positive cash generated by operations for fiscal year 2022 and 2021. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at June 30, 2022 and 2021:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,936,793	\$ 6,190,327
Investment at fair value	4,135,707	4,230,734
Grants and contracts receivable	<u>1,253,600</u>	<u>604,476</u>
Total financial assets available to management within one year	11,326,100	11,025,537
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted cash	<u>(1,880,568)</u>	<u>(1,824,918)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 9,445,532</u>	<u>\$ 9,200,619</u>

NOTE C: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Undesignated	\$ 8,419,940	\$ 8,395,837
Invested in property and equipment, net of related debt	<u>1,894,266</u>	<u>1,138,074</u>
	<u>\$ 10,314,206</u>	<u>\$ 9,533,911</u>



NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE D: RESTRICTED CASH

Restricted cash includes amounts the Organization is required to segregate in connection with the issuance of the Revenue Bonds Series A and B, as described in Note I. These accounts are held by the Trustee. At June 30, 2022 and 2021, restricted cash consists of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Gymnasium project fund (1)	\$ 208,858	\$ 208,858
Expenses fund (2)	11,710	6,060
Debt service reserve fund (3)	1,610,000	1,610,000
Repair and replacement fund (4)	50,000	-
	<u>\$ 1,880,568</u>	<u>\$ 1,824,918</u>

- (1) The Gymnasium project fund is set aside for the construction of a roof top gymnasium.
- (2) The Expenses fund was created for the purpose of paying annual fees to the bond issuer and rating agency.
- (3) The Organization is required to set aside a debt service reserve fund to secure payments of the bond offering.
- (4) The Organization is required to set aside a repair and replacement fund for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the facility in sound condition.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 4,900,000	\$ 4,900,000
Building and improvements	24,254,081	19,416,570
Construction in progress	-	3,989,512
Furniture and equipment	<u>1,585,747</u>	<u>1,080,190</u>
	30,739,828	29,386,272
Less accumulated depreciation and amortization	<u>3,534,442</u>	<u>2,561,874</u>
	<u>\$ 27,205,386</u>	<u>\$ 26,824,398</u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was \$972,569 and \$610,573, respectively.

Construction in progress at June 30, 2021 primarily relates to a gymnasium project. Property and equipment is not depreciated or amortized until the asset has been placed into service. The gymnasium project was completed, and the Organization placed it in service during the year ended June 30, 2022.

NOTE F: LEASES

In 2016, the Organization entered into a lease with a third party for additional parking space located at 930 University Avenue, Bronx, NY. This agreement was amended in August 2019 extending the term until August 31, 2020 and amended again in August 2020 until August 31, 2021. In July 2021, this agreement was amended for two additional years until August 31, 2023. The two-year lease calls for monthly rent of \$6,550, increasing to \$6,812. The lease required a security deposit of \$3,000 which is included in the accompanying statement of financial position at June 30, 2022 and 2021. In July 2021, an additional security deposit of \$3,550 is payable to the landlord. Rent expense for this lease for the years ended June 30, 2022 and 2021 was \$81,658 and \$80,800, respectively. Future maturities on this lease are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 81,220
2024	<u>13,624</u>
	<u>\$ 94,844</u>

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE G: RELATED PARTY TRANSACTIONS

The Charter School is related to 180 West 165th Street LLC through common management. During 2017, the Charter School entered into a lease agreement with the related party for property located at 180 West 165<sup>th</sup> Street, Bronx NY, commencing on the date of January 5, 2018. The thirty-five-year lease calls for rent based on a fixed rent schedule provided in the sublease agreement. The Charter School has the option to renew the lease for 2 five-year terms at the end of the initial lease term. Rent paid to 180 West 165<sup>th</sup> Street LLC under the terms of this agreement was approximately \$1,712,000 and \$1,715,000 for the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, a deferred lease liability of \$529,359 and \$559,983, respectively is included in the accompanying consolidating statement of financial position for the Charter School. At June 30, 2022 and 2021, a deferred lease receivable of \$529,359 and \$559,983, respectively is included in the accompanying consolidating statement of financial position for the Organization. The deferred lease liability and receivable are properly eliminated in the consolidated statement of financial position. Rent expense and rental income for each of the years ended June 30, 2022 and 2021 was approximately \$1,682,000. The rental income and rental expense are also eliminated in the consolidated statement of activities and changes in net assets.

The future minimum rental payments due to 180 West 165<sup>th</sup> Street LLC required under this lease agreement, which will be eliminated in future years, are as follows, which equate to the Charter School's future minimum payments on this agreement through June 2052:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 1,711,058
2024	1,712,003
2025	1,711,917
2026	1,710,803
2027	1,708,658
Thereafter	<u>42,429,392</u>
	<u>\$ 50,983,831</u>

NOTE H: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 outbreak, in April 2020 the Organization applied for and was approved by a bank for a loan of \$1,133,237 through the Paycheck Protection Program established by the Small Business Administration. The loan had a maturity of 2 years and an interest rate of 1%. The loan had the potential for forgiveness provided certain requirements are met by the Organization. The loan was funded in May 2020 and was included as Paycheck Protection Program note payable in the accompanying statement of financial position at June 30, 2020. The Organization met the requirements for forgiveness and in April 2021 the full amount of the loan was forgiven and is included as Forgiveness of Paycheck Protection Program note payable in the accompanying consolidated statement of activities and changes in net assets for the year ended June 30, 2021.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE I: BONDS PAYABLE

On December 1, 2017, the Organization obtained financing of \$25,725,000 from Build NYC Resource Corporation (the "Corporation"), a local development corporation of the City of New York, to finance the purchase of the School building and make improvements. In order to facilitate the purchase, the Corporation issued Revenue Bonds, Series 2017A \$24,895,000 and Revenue Bonds Series 2017B \$830,000 to finance the project and pay issuance costs. The proceeds from the bond issuance were loaned to the Organization. The Organization executed a promissory note in favor of the Corporation who endorsed the note to the bond trustees. The agreement calls for the Organization to use the proceeds net of issuance costs to finance the project.

The bonds which require periodic payments bear interest ranging from 4% to 5% and are secured by the building. Bonds payable consist of the following at June 30:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Revenue Bonds Series 2017A, interest rate ranging from 4%-5%, due June 1, 2022 through 2052	\$ 24,705,000	\$ 24,895,000
Revenue Bonds Series 2017B, interest rate of 5%, due June 1, 2020 through 2022	<u>-</u>	<u>165,000</u>
	24,705,000	25,060,000
Add: unamortized bond premium	1,785,328	1,844,839
Less: debt issuance costs, net of accumulated amortization	<u>(1,179,208)</u>	<u>(1,218,515)</u>
	25,311,120	25,686,324
Less: current portion of bonds payable	<u>(370,000)</u>	<u>(355,000)</u>
	<u>\$ 24,941,120</u>	<u>\$ 25,331,324</u>

The bonds principals maturing after June 1, 2025 are subject to mandatory redemptions by the Corporation prior to maturity.

Unamortized premium costs relating to the issuance of the Series A bond are \$1,785,328 and \$1,844,839 at June 30, 2022 and 2021, respectively. The unamortized premium costs are amortized over the term of the indebtedness of the total amount issued and included in bonds payable in the consolidated statements of financial position. Debt issuance costs, net of accumulated amortization total \$1,179,208 and \$1,218,515 as of June 30, 2022 and 2021, respectively, and are recorded as reduction in bonds payable on the accompanying consolidated statement of financial position.

Debt issuance costs consist of the following at June 30:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Debt issuance costs	\$ 1,356,089	\$ 1,356,089
Less: accumulated amortization	<u>(176,881)</u>	<u>(137,574)</u>
	<u>\$ 1,179,208</u>	<u>\$ 1,218,515</u>

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE I: BONDS PAYABLE, Cont'd

The aggregate amount of principal payments subsequent to June 30, 2022 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 370,000
2024	390,000
2025	410,000
2026	430,000
2027	450,000
Thereafter	<u>22,655,000</u>
	<u>\$ 24,705,000</u>

Interest expense on the Series A and B bonds for the years ended June 30, 2022 and 2021 was \$1,251,100 and \$1,268,100, respectively.

In connection with the bonds payable, the Organization is required to maintain certain financial covenants. At June 30, 2022, the Organization was in compliance with these covenants.

NOTE J: RESERVE FOR PAYMENT OF DEBT SERVICE

In order to induce the Corporation to issue the bonds, the Organization entered into an agreement with the Charter School Financing Partnership LLC (the "Enhancer") to help fund the debt service reserve fund. In December 2017, the Enhancer deposited \$1,610,000 into the debt service reserve account and pledged that amount to the bond issuer. The Organization recorded the transaction as restricted cash and reserve for payment of debt service, respectively. At the end of the bond term, the debt service reserve fund will be returned to the Enhancer.

NOTE K: MANAGEMENT FEES

The Organization contracted the management of certain academic and business operations to Lighthouse Academies, Inc. The contract called for an annual fee, a bonus provision for meeting certain milestones, and reimbursed expenses. In December 2020, the Organization signed a transition agreement to wind-down these services. For the year ended June 30, 2021, total management fee expense was \$382,654. There was no management fee expense for the year ended June 30, 2022.

NOTE L: 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 Organization. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying consolidated financial statements. Accordingly, no amounts have been provided in the consolidated accompanying financial statements for such potential claims.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE M: CONCENTRATIONS

At June 30, 2022 and 2021, approximately 98% of receivables are due from federal agencies related to certain grant programs.

For the years ended June 30, 2022 and 2021, approximately 76% and 75% of total operating revenue and support came from per-pupil funding provided by New York State through the New York City School District, respectively. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located. For the year ended June 30, 2022, approximately 13% of total operating revenue and support came from federal grants.

NOTE N: RETIREMENT PLAN

The Organization has a 401(k) Plan for employees who are at least 21 years old and have completed one month of service. The plan includes a safe harbor employer matching provision. The Organization must match employee contributions dollar for dollar, not to exceed 4% of compensation. In November 2021, the employer match increased to 6% of compensation effective January 1, 2022. Safe harbor contributions are immediately vested with the participants. For the years ended June 30, 2022 and 2021, employer contributions totaled \$126,223 and \$77,036, respectively.

NOTE O: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America ("GAAP") establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE O: FAIR VALUE MEASUREMENTS, Cont'd

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

*US Treasuries:* Investments are valued at the closing price reported in the active market in which the treasuries are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Financial assets carried at fair value at June 30, 2022 are classified in the table as follows:

	<u>Assets at Fair Value as of June 30, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets carried at fair value:				
Fixed income				
US Treasuries	<u>\$ -</u>	<u>\$ 4,135,707</u>	<u>\$ -</u>	<u>\$ 4,135,707</u>
Total assets at fair value	<u><u>\$ -</u></u>	<u><u>\$ 4,135,707</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,135,707</u></u>

Financial assets carried at fair value at June 30, 2021 are classified in the table as follows:

	<u>Assets at Fair Value as of June 30, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets carried at fair value:				
Fixed income				
US Treasuries	<u>\$ -</u>	<u>\$ 4,230,734</u>	<u>\$ -</u>	<u>\$ 4,230,734</u>
Total assets at fair value	<u><u>\$ -</u></u>	<u><u>\$ 4,230,734</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,230,734</u></u>

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the risk associated with investment securities, it is at least reasonably possible that changes in risk could materially affect the accompanying consolidated financial statements.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE P: FUNCTIONAL EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, repairs and maintenance which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes and others which are allocated on the basis of time spent in each functional category or program.

NOTE Q: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Organization has recognized \$1,486,478 and \$358,862 of revenue relative to ESSER grants during the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022, the Charter School has approximately \$2,612,000 of ESSER grants available for expenditure through September 30, 2024.



**NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE**

**OTHER CONSOLIDATING FINANCIAL INFORMATION**

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING FINANCIAL INFORMATION

Board of Trustees  
Nuasin Next Generation Charter School and Affiliate

We have audited the consolidated financial statements of Nuasin Next Generation Charter School and Affiliate as of and for the year ended June 30, 2022, and we have issued our report thereon dated October 28, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 consolidating financial information hereinafter is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements for the year ended June 30, 2022, as a whole.

*Mengel, Metzger, Barr & Co. LLP*

Rochester, New York  
October 28, 2022

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

<u>ASSETS</u>	<u>Nuasin Next Generation Charter School</u>	<u>Metropolitan Support Corporation</u>	<u>Pre- Consolidated Total</u>	<u>Consolidating Eliminations</u>	<u>Consolidated Total</u>
<u>CURRENT ASSETS</u>					
Cash and cash equivalents (including restricted cash of \$1,880,568)	\$ 3,949,225	\$ 1,987,568	\$ 5,936,793	\$ -	\$ 5,936,793
Investments	4,135,707	-	4,135,707	-	4,135,707
Grants and contract receivables	1,253,600	-	1,253,600	-	1,253,600
Prepaid expenses	102,885	-	102,885	-	102,885
TOTAL CURRENT ASSETS	9,441,417	1,987,568	11,428,985	-	11,428,985
<u>PROPERTY AND EQUIPMENT, net</u>					
	3,285,207	23,920,179	27,205,386	-	27,205,386
Deferred lease receivable	-	529,359	529,359	(529,359)	-
Security deposits	31,523	-	31,523	-	31,523
Cash in escrow	70,330	-	70,330	-	70,330
	101,853	529,359	631,212	(529,359)	101,853
TOTAL ASSETS	<u>\$ 12,828,477</u>	<u>\$ 26,437,106</u>	<u>\$ 39,265,583</u>	<u>\$ (529,359)</u>	<u>\$ 38,736,224</u>

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION, Cont'd

JUNE 30, 2022

<u>LIABILITIES AND NET ASSETS (DEFICIENCY)</u>	<u>Nuasin Next Generation Charter School</u>	<u>Metropolitan Support Corporation</u>	<u>Pre- Consolidated Total</u>	<u>Consolidating Eliminations</u>	<u>Consolidated Total</u>
<u>CURRENT LIABILITIES</u>					
Current portion of bonds payable	\$ -	\$ 370,000	\$ 370,000	\$ -	\$ 370,000
Accounts payable and accrued expenses	443,581	124,304	567,885	-	567,885
Accrued payroll and payroll taxes	870,861	-	870,861	-	870,861
Accrued compensated absences	<u>62,152</u>	<u>-</u>	<u>62,152</u>	<u>-</u>	<u>62,152</u>
TOTAL CURRENT LIABILITIES	1,376,594	494,304	1,870,898	-	1,870,898
<u>OTHER LIABILITIES</u>					
Bonds payable, net of unamortized bond issuance costs of \$1,179,208	-	24,941,120	24,941,120	-	24,941,120
Reserve for payment of debt service	-	1,610,000	1,610,000	-	1,610,000
Deferred lease liability	<u>529,359</u>	<u>-</u>	<u>529,359</u>	<u>(529,359)</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,905,953</u>	<u>26,551,120</u>	<u>27,080,479</u>	<u>(529,359)</u>	<u>26,551,120</u>
TOTAL LIABILITIES	1,905,953	27,045,424	28,951,377	(529,359)	28,422,018
<u>NET ASSETS (DEFICIENCY)</u>					
Without donor restrictions	<u>10,922,524</u>	<u>(608,318)</u>	<u>10,314,206</u>	<u>-</u>	<u>10,314,206</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)	<u>\$ 12,828,477</u>	<u>\$ 26,437,106</u>	<u>\$ 39,265,583</u>	<u>\$ (529,359)</u>	<u>\$ 38,736,224</u>

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022

	Nuasin Next Generation Charter School	Metropolitan Support Corporation	Pre- Consolidated Total	Consolidating Eliminations	Consolidated Total
Operating revenue and support:					
State and local per pupil					
operating revenue	\$ 12,083,467	\$ -	\$ 12,083,467	\$ -	\$ 12,083,467
Federal grants	2,382,127	-	2,382,127	-	2,382,127
NYC DoE rental assistance	1,712,440	-	1,712,440	-	1,712,440
Investment loss	(103,644)	-	(103,644)	-	(103,644)
State grants	36,970	-	36,970	-	36,970
Rental income	-	1,681,816	1,681,816	(1,681,816)	-
Miscellaneous income	22,270	-	22,270	-	22,270
TOTAL OPERATING REVENUE AND SUPPORT	16,133,630	1,681,816	17,815,446	(1,681,816)	16,133,630
Expenses:					
Program services:					
Educational services	12,841,214	-	12,841,214	(1,513,634)	11,327,580
Metropolitan Support Corporation	-	1,806,346	1,806,346	-	1,806,346
Management and general	2,387,591	-	2,387,591	(168,182)	2,219,409
TOTAL EXPENSES	15,228,805	1,806,346	17,035,151	(1,681,816)	15,353,335
CHANGE IN NET ASSETS	904,825	(124,530)	780,295	-	780,295
Net assets (deficiency) at beginning of year	10,017,699	(483,788)	9,533,911	-	9,533,911
NET ASSETS (DEFICIENCY) AT END OF YEAR	\$ 10,922,524	\$ (608,318)	\$ 10,314,206	\$ -	\$ 10,314,206