

**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, 2023

(With Comparative Totals for 2022)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Nuasin Next Generation Charter School and Affiliate

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nuasin Next Generation Charter School and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2023, 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, 2023, 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.

Change in Accounting Principle

As discussed in Note A to the consolidated financial statements, in 2023, Nuasin Next Generation Charter School and Affiliate adopted new accounting guidance related to accounting for leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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, 2022 consolidated financial statements and we expressed an unmodified audit opinion on those consolidated audited financial statements in our report dated October 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 19, 2023 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 19, 2023

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(With Comparative Totals for 2022)

<u>ASSETS</u>	June 30,	
	2023	2022
<u>CURRENT ASSETS</u>		
Cash and cash equivalents (including restricted cash of \$1,936,819 and \$1,880,568, respectively)	\$ 5,719,821	\$ 5,936,793
Investments	4,583,946	4,135,707
Grants and contracts receivable	1,164,550	1,253,600
Prepaid expenses	<u>121,853</u>	<u>102,885</u>
TOTAL CURRENT ASSETS	11,590,170	11,428,985
<u>PROPERTY AND EQUIPMENT</u> , net	26,725,572	27,205,386
<u>OTHER ASSETS</u>		
Right-of-use assets - operating	69,481	-
Security deposits	31,523	31,523
Cash in escrow	<u>70,330</u>	<u>70,330</u>
	<u>171,334</u>	<u>101,853</u>
TOTAL ASSETS	<u>\$ 38,487,076</u>	<u>\$ 38,736,224</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of bonds payable	\$ 390,000	\$ 370,000
Accounts payable and accrued expenses	424,633	567,885
Accrued payroll and payroll taxes	833,246	870,861
Current portion of lease liabilities - operating	36,293	-
Deferred revenue	179,200	-
Accrued compensated absences	<u>-</u>	<u>62,152</u>
TOTAL CURRENT LIABILITIES	1,863,372	1,870,898
<u>OTHER LIABILITIES</u>		
Bonds payable, net of unamortized bond issuance costs of \$1,139,901 and \$1,179,208, respectively	24,530,916	24,941,120
Reserve for payment of debt service	1,610,000	1,610,000
Long-term lease liabilities - operating	<u>33,263</u>	<u>-</u>
	<u>26,174,179</u>	<u>26,551,120</u>
TOTAL LIABILITIES	28,037,551	28,422,018
<u>NET ASSETS</u> - Without donor restrictions	<u>10,449,525</u>	<u>10,314,206</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,487,076</u>	<u>\$ 38,736,224</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, 2023
(With Comparative Totals for 2022)

	Year ended June 30,	
	2023	2022
Operating revenue and support:		
State and local per pupil operating revenue	\$ 13,024,244	\$ 12,083,467
Federal grants	2,619,423	2,382,127
NYC DoE rental assistance	1,711,058	1,712,440
Investment income (loss)	78,682	(103,644)
State grants	49,724	36,970
Private grants and contributions	242,377	22,270
TOTAL OPERATING REVENUE AND SUPPORT	17,725,508	16,133,630
Expenses:		
Program services:		
Educational services	13,197,100	11,327,580
Metropolitan Support Corporation	1,697,797	1,806,346
Management and general	2,695,292	2,219,409
TOTAL EXPENSES	17,590,189	15,353,335
CHANGE IN NET ASSETS	135,319	780,295
Net assets at beginning of year	10,314,206	9,533,911
NET ASSETS AT END OF YEAR	\$ 10,449,525	\$ 10,314,206

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, 2023
 (With Comparative Totals for 2022)

	Year ended June 30,					2022
	2023					
	Program Services			Management	Total	
Educational Services	Metropolitan Support Corporation	Sub-total	and General	Total	Total	
Personnel services costs:						
Salaries	\$ 8,122,843	\$ -	\$ 8,122,843	\$ 1,658,958	\$ 9,781,801	\$ 8,065,088
Payroll taxes and fringe benefits	1,604,923	-	1,604,923	327,780	1,932,703	1,489,355
Total salaries and related costs	9,727,766	-	9,727,766	1,986,738	11,714,504	9,554,443
Professional fees and consultants	1,022,669	-	1,022,669	208,863	1,231,532	849,812
Supplies and equipment purchases	405,936	-	405,936	82,906	488,842	631,123
Depreciation and amortization	293,039	550,887	843,926	59,848	903,774	972,569
Insurance	150,150	-	150,150	30,666	180,816	91,825
Interest	-	1,108,017	1,108,017	-	1,108,017	1,230,896
Occupancy and utilities	524,079	-	524,079	107,034	631,113	623,607
Printing	47,786	-	47,786	9,759	57,545	44,791
Staff development and recruitment	426,715	-	426,715	87,150	513,865	450,423
Telephone	36,046	-	36,046	7,362	43,408	63,167
Travel and parking	66,877	-	66,877	13,658	80,535	82,734
Dues and subscriptions	86,576	-	86,576	17,682	104,258	217,048
Student services	215,481	-	215,481	44,008	259,489	324,748
Other	193,980	38,893	232,873	39,618	272,491	216,149
	<u>\$ 13,197,100</u>	<u>\$ 1,697,797</u>	<u>\$ 14,894,897</u>	<u>\$ 2,695,292</u>	<u>\$ 17,590,189</u>	<u>\$ 15,353,335</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, 2023
(With Comparative Totals for 2022)

	Year ended June 30,	
	2023	2022
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 135,319	\$ 780,295
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	903,774	972,569
Bond premium amortization	(59,511)	(59,511)
Amortization of bond issuance costs included in interest expense	39,307	39,307
Realized and unrealized investment (gains) losses	(67,578)	117,436
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	89,050	(649,124)
Prepaid expenses	(18,968)	51,617
Accounts payable and accrued expenses	(166,576)	(7,328)
Accrued payroll and payroll taxes	(37,615)	241,837
Accrued compensated absences	(62,152)	(23,492)
Deferred revenue	179,200	-
Right of use asset, net of deferred lease liability	75	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	934,325	1,463,606
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(400,636)	(1,339,731)
Purchase of investments	(1,222,809)	(22,409)
Proceeds from sale of investments	842,148	-
NET CASH USED FOR INVESTING ACTIVITIES	(781,297)	(1,362,140)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayments of bonds payable	(370,000)	(355,000)
NET CASH USED FOR FINANCING ACTIVITIES	(370,000)	(355,000)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(216,972)	(253,534)
Cash, cash equivalents, and restricted cash at beginning of year	6,007,123	6,260,657
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 5,790,151	\$ 6,007,123

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

	<u>Year ended June 30,</u>	
	<u>2023</u>	<u>2022</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	\$ 5,719,821	\$ 5,936,793
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>\$ 5,790,151</u>	<u>\$ 6,007,123</u>
Cash paid during the year for interest	<u>\$ 1,235,250</u>	<u>\$ 1,251,100</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment in accounts payable	<u>\$ 23,324</u>	<u>\$ 13,826</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, 2023

(With Comparative Totals for 2022)

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, 2023 and 2022 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, 2023

(With Comparative Totals for 2022)

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, 2023 or 2022.

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, 2023

(With Comparative Totals for 2022)

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.

At June 30, 2023, contract assets consisted of grants and contract receivables of \$32,342 and contract liabilities consisted of deferred revenue of \$179,200. There were no contract balances at June 30, 2022 or 2021.

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. As of June 30, 2023, \$179,200 was received prior to incurring qualifying expenditures, which is included as deferred revenue in the accompanying consolidated statement of financial position. As of June 30, 2022, 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. The Organization received cost-reimbursement grants of approximately \$649,000 and \$2,666,000 at June 30, 2023 and 2022, respectively, that had not been recognized because qualifying expenditures have not yet been incurred.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

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, 2023 and 2022, 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, 2023 and 2022.

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. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the value of investment activities, it is at least possible that changes in risk in the near term and could materially affect investment balances.

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, 2023

(With Comparative Totals for 2022)

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

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, 2020 through June 30, 2023 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 \$513,900 and \$450,400 for the years ended June 30, 2023 and 2022, 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.

Comparatives for year ended June 30, 2022

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, 2022, from which the summarized information was derived.

Leases

The Organization leases building space, parking space and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the accompanying consolidated statement of financial position.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

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

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Adoption of new accounting standard - 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 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 adopted ASC 842 with the date of initial application of July 1, 2022.

The Organization recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

As part of the adoption of ASC 842, the Organization elected practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard; (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance; or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 lease liabilities of \$33,352,310, which represents the present value of the remaining operating lease payments of \$51,078,673 discounted using a weighted average risk free rate of 3.11%, and the right-of-use assets of \$32,822,951 adjusted for a deferred lease liability of \$529,359. Included in these balances is a right-of-use asset and lease liability for building space the Charter School leases from 180 West 165th Street LLC as described in Note F. The related party right-of-use asset and lease liability are eliminated in consolidation.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

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

The standard had a material impact on the accompanying consolidated statement of financial position, but did not have an impact on the consolidated statements of activities, changes in net assets and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the Organization's accounting for finance leases (formerly known as capital leases) remained substantially unchanged.

New accounting pronouncement – credit losses

In June 2016 the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13), which requires entities to use a new impairment model referred to as the current expected credit losses (CECL) model rather than incurred losses. The new standard affects accounting for loans, accounts (trade) receivable, held-to-maturity debt securities, and other financial assets included in the scope. For non-public entities, the new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. 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.

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 19, 2023, 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, 2023

(With Comparative Totals for 2022)

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 years 2023 and 2022. 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, 2023 and 2022:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,719,821	\$ 5,936,793
Investments	4,583,946	4,135,707
Grants and contracts receivable	<u>1,164,550</u>	<u>1,253,600</u>
Total financial assets available to management within one year	11,468,317	11,326,100
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted cash	<u>(1,936,819)</u>	<u>(1,880,568)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 9,531,498</u>	<u>\$ 9,445,532</u>

NOTE C: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Undesignated	\$ 8,644,869	\$ 8,419,940
Invested in property and equipment, net of related debt	<u>1,804,656</u>	<u>1,894,266</u>
	<u>\$ 10,449,525</u>	<u>\$ 10,314,206</u>

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

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 G. These accounts are held by the Trustee. At June 30, 2023 and 2022, restricted cash consists of the following:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Project fund (1)	\$ 208,858	\$ 208,858
Expense fund (2)	17,961	11,710
Debt service reserve fund (3)	1,610,000	1,610,000
Repair and replacement fund (4)	100,000	50,000
	<u>\$ 1,936,819</u>	<u>\$ 1,880,568</u>

- (1) The Project fund is set aside for the purpose of paying project costs.
- (2) The Expense 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.

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 4,900,000	\$ 4,900,000
Building and improvements	24,398,780	24,254,081
Furniture and equipment	1,865,008	1,585,747
	31,163,788	30,739,828
Less accumulated depreciation and amortization	4,438,216	3,534,442
	<u>\$ 26,725,572</u>	<u>\$ 27,205,386</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$903,774 and \$972,569, respectively.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE F: LEASES

Related Party Facility Lease

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 165th Street, Bronx NY, commencing on the date of January 5, 2018, through June 2052. 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 165th Street LLC under the terms of this agreement was approximately \$1,711,000 and \$1,712,000 for the years ended June 30, 2023 and 2022, respectively. At June 30, 2022, a deferred lease liability of \$529,359 was included in the accompanying consolidating statement of financial position for the Charter School. At June 30, 2022, a deferred lease receivable of \$529,359 was included in the accompanying consolidating statement of financial position for the Corporation. Rent expense and rental income for each of the years ended June 30, 2023 and 2022 was approximately \$1,682,000. The lease asset and liability as well as rental income and rental expense are eliminated in consolidation.

Parking Lot Lease

The Charter School has an operating lease with monthly payments of approximately \$6,800 to rent additional parking space through August 2023. Rental expense was approximately \$80,500 and \$82,000 for the years ended June 30, 2023 and 2022, respectively.

Equipment Lease

The Charter School has an operating lease with monthly payments of approximately \$2,000 to rent copiers for school operations through November 2025. Rental expense was approximately \$57,500 and \$44,800 for the years ended June 30, 2023 and 2022, respectively.

A summary of lease right-of-use assets and liabilities at June 30, 2023 are as follows:

	<u>Consolidated Statement of Financial Position Classification</u>	<u>Pre- Consolidated Total</u>	<u>Consolidating Eliminations</u>	<u>Consolidated Total</u>
<u>Assets</u>				
Operating Leases	Other assets	<u>\$ 32,137,320</u>	<u>\$ (32,067,839)</u>	<u>\$ 69,481</u>
<u>Liabilities</u>				
Current:				
Operating Leases	Other liabilities	\$ 749,985	\$ (713,692)	\$ 36,293
Non-current				
Operating Leases	Other liabilities	<u>31,887,527</u>	<u>(31,854,264)</u>	<u>33,263</u>
		<u>\$ 32,637,512</u>	<u>\$ (32,567,956)</u>	<u>\$ 69,556</u>

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE F: LEASES, Cont'd

The components of lease expense were as follows:

Operating lease expense \$ 1,777,069

As of June 30, 2023, minimum payments due for lease liabilities for future years are as follows:

	Pre- Consolidated Total	Consolidating Eliminations	Consolidated Total
	<u> </u>	<u> </u>	<u> </u>
2024	\$ 1,749,554	\$ (1,712,002)	\$ 37,552
2025	1,735,845	(1,711,917)	23,928
2026	1,720,772	(1,710,802)	9,970
2027	1,708,658	(1,708,658)	-
2028	1,710,483	(1,710,483)	-
Thereafter	<u>40,718,910</u>	<u>(40,718,910)</u>	<u>-</u>
Total lease payments	49,344,222	(49,272,772)	71,450
Less: Interest	<u>16,706,710</u>	<u>(16,704,816)</u>	<u>1,894</u>
Present value of lease liabilities	<u>\$ 32,637,512</u>	<u>\$ (32,567,956)</u>	<u>\$ 69,556</u>

Supplemental information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows paid for operating leases \$ 1,734,985

Weighted-average remaining lease term:

Operating leases 28.94 years

Weighted-average discount rate:

Operating leases 3.11%

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE G: 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 2017B Series Bonds were repaid in full during the year ended June 30, 2022. 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>2023</u>	<u>2022</u>
Revenue Bonds Series 2017A, interest rate ranging from 4%-5%, due June 1, 2022 through 2052	<u>\$ 24,335,000</u>	<u>\$ 24,705,000</u>
	24,335,000	24,705,000
Add: unamortized bond premium	1,725,817	1,785,328
Less: debt issuance costs, net of accumulated amortization	<u>(1,139,901)</u>	<u>(1,179,208)</u>
	24,920,916	25,311,120
Less: current portion of bonds payable	<u>(390,000)</u>	<u>(370,000)</u>
	<u>\$ 24,530,916</u>	<u>\$ 24,941,120</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 \$1,725,817 and \$1,785,328 at June 30, 2023 and 2022, 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 \$1,139,901 and \$1,179,208 as of June 30, 2023 and 2022, respectively, and are recorded as reduction in bonds payable on the accompanying consolidated statement of financial position.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE G: BONDS PAYABLE, Cont'd

Debt issuance costs consist of the following at June 30:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Debt issuance costs	\$ 1,356,089	\$ 1,356,089
Less: accumulated amortization	<u>(216,188)</u>	<u>(176,881)</u>
	<u>\$ 1,139,901</u>	<u>\$ 1,179,208</u>

The aggregate amount of principal payments subsequent to June 30, 2023 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ 390,000
2025	410,000
2026	430,000
2027	450,000
2028	475,000
Thereafter	<u>22,180,000</u>
	<u>\$ 24,335,000</u>

Interest expense on the Series A and B bonds for the years ended June 30, 2023 and 2022 was \$1,235,250 and \$1,251,100, respectively.

In connection with the bonds payable, the Organization is required to maintain certain financial covenants. At June 30, 2023, the Organization was in compliance with these covenants.

NOTE H: 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.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE I: 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.

NOTE J: CONCENTRATIONS

At June 30, 2023 and 2022, approximately 97% and 98% of receivables are due from federal agencies related to certain grant programs.

For the years ended June 30, 2023 and 2022, approximately 73% and 76% 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 years ended June 30, 2023 and 2022, approximately 15% of total operating revenue and support came from federal grants.

NOTE K: 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. The Charter School makes a safe harbor match of 6% of compensation effective January 1, 2022. Safe harbor contributions are immediately vested with the participants. For the years ended June 30, 2023 and 2022, employer contributions totaled \$178,519 and \$126,223, respectively.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE L: 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.

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, 2023 and 2022.

US Treasuries and Corporate Bonds: Investments are valued at the closing price reported in the active market in which the treasuries and bonds are traded.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2023

(With Comparative Totals for 2022)

NOTE L: FAIR VALUE MEASUREMENTS, Cont'd

Financial assets carried at fair value at June 30, 2023 are classified in the table as follows:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets carried at fair value:				
Fixed income				
Corporate Bond	\$ -	\$ 500,000	\$ -	\$ 500,000
US Treasuries	-	4,083,946	-	4,083,946
	<u>-</u>	<u>4,083,946</u>	<u>-</u>	<u>4,083,946</u>
Total assets at fair value	<u>\$ -</u>	<u>\$ 4,583,946</u>	<u>\$ -</u>	<u>\$ 4,583,946</u>

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

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

NOTE M: 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 N: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

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 \$1,959,628 and \$1,486,478 of revenue relative to ESSER grants during the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023, the Charter School has approximately \$649,000 of ESSER grants available for expenditure through September 30, 2024.

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

OTHER CONSOLIDATING FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

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, 2023, and we have issued our report thereon dated October 19, 2023, 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 2023 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, 2023, as a whole.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 19, 2023

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

<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 \$1,936,819)	\$ 3,649,822	\$ 2,069,999	\$ 5,719,821	\$ -	\$ 5,719,821
Investments	4,583,946	-	4,583,946	-	4,583,946
Grants and contract receivables	1,164,550	-	1,164,550	-	1,164,550
Prepaid expenses	<u>121,853</u>	<u>-</u>	<u>121,853</u>	<u>-</u>	<u>121,853</u>
TOTAL CURRENT ASSETS	9,520,171	2,069,999	11,590,170	-	11,590,170
<u>PROPERTY AND EQUIPMENT, net</u>					
	3,356,280	23,369,292	26,725,572	-	26,725,572
Right-of-use assets - operating	32,137,320	-	32,137,320	(32,067,839)	69,481
Deferred lease receivable	-	500,117	500,117	(500,117)	-
Security deposits	31,523	-	31,523	-	31,523
Cash in escrow	<u>70,330</u>	<u>-</u>	<u>70,330</u>	<u>-</u>	<u>70,330</u>
	<u>32,239,173</u>	<u>500,117</u>	<u>32,739,290</u>	<u>(32,567,956)</u>	<u>171,334</u>
TOTAL ASSETS	<u>\$ 45,115,624</u>	<u>\$ 25,939,408</u>	<u>\$ 71,055,032</u>	<u>\$ (32,567,956)</u>	<u>\$ 38,487,076</u>

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION, Cont'd

JUNE 30, 2023

<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	\$ -	\$ 390,000	\$ 390,000	\$ -	\$ 390,000
Accounts payable and accrued expenses	407,358	17,275	424,633	-	424,633
Accrued payroll and payroll taxes	833,246	-	833,246	-	833,246
Current portion of lease liabilities - operating	749,985	-	749,985	(713,692)	36,293
Deferred revenue	<u>179,200</u>	<u>-</u>	<u>179,200</u>	<u>-</u>	<u>179,200</u>
TOTAL CURRENT LIABILITIES	2,169,789	407,275	2,577,064	(713,692)	1,863,372
<u>OTHER LIABILITIES</u>					
Bonds payable, net of unamortized bond issuance costs of \$1,139,901	-	24,530,916	24,530,916	-	24,530,916
Reserve for payment of debt service	-	1,610,000	1,610,000	-	1,610,000
Long-term lease liabilities - operating	<u>31,887,527</u>	<u>-</u>	<u>31,887,527</u>	<u>(31,854,264)</u>	<u>33,263</u>
	<u>31,887,527</u>	<u>26,140,916</u>	<u>58,028,443</u>	<u>(31,854,264)</u>	<u>26,174,179</u>
TOTAL LIABILITIES	34,057,316	26,548,191	60,605,507	(32,567,956)	28,037,551
<u>NET ASSETS (DEFICIENCY)</u>					
Without donor restrictions	<u>11,058,308</u>	<u>(608,783)</u>	<u>10,449,525</u>	<u>-</u>	<u>10,449,525</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)	<u>\$ 45,115,624</u>	<u>\$ 25,939,408</u>	<u>\$ 71,055,032</u>	<u>\$ (32,567,956)</u>	<u>\$ 38,487,076</u>

NUASIN NEXT GENERATION CHARTER SCHOOL AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2023

	<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>
Operating revenue and support:					
State and local per pupil operating revenue	\$ 13,024,244	\$ -	\$ 13,024,244	\$ -	\$ 13,024,244
Federal grants	2,619,423	-	2,619,423	-	2,619,423
NYC DoE rental assistance	1,711,058	-	1,711,058	-	1,711,058
Investment income	78,682	-	78,682	-	78,682
State grants	49,724	-	49,724	-	49,724
Rental income	-	1,681,816	1,681,816	(1,681,816)	-
Private grants and contributions	<u>226,861</u>	<u>15,516</u>	<u>242,377</u>	<u>-</u>	<u>242,377</u>
TOTAL OPERATING REVENUE AND SUPPORT	17,709,992	1,697,332	19,407,324	(1,681,816)	17,725,508
Expenses:					
Program services:					
Educational services	14,710,734	-	14,710,734	(1,513,634)	13,197,100
Metropolitan Support Corporation	-	1,697,797	1,697,797	-	1,697,797
Management and general	<u>2,863,474</u>	<u>-</u>	<u>2,863,474</u>	<u>(168,182)</u>	<u>2,695,292</u>
TOTAL EXPENSES	<u>17,574,208</u>	<u>1,697,797</u>	<u>19,272,005</u>	<u>(1,681,816)</u>	<u>17,590,189</u>
CHANGE IN NET ASSETS	135,784	(465)	135,319	-	135,319
Net assets (deficiency) at beginning of year	<u>10,922,524</u>	<u>(608,318)</u>	<u>10,314,206</u>	<u>-</u>	<u>10,314,206</u>
NET ASSETS (DEFICIENCY) AT END OF YEAR	<u>\$ 11,058,308</u>	<u>\$ (608,783)</u>	<u>\$ 10,449,525</u>	<u>\$ -</u>	<u>\$ 10,449,525</u>