

Financial Statements with Reports of
Independent Certified Public
Accountants

To the Board of Directors of:
Icahn Charter School 6

Report on the financial statements

We have audited the accompanying financial statements of Icahn Charter School 6 for the years ended June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial

Opinion

Icahn Charter School 6

STATEMENTS OF ACTIVITIES

As of June 30, 2020 and 2019

	2020	2019
Revenues, gains and other support		
Public School District:		
Resident student enrollment	\$ 5,344,707	\$ 5,465,686
Students with disabilities	9,203	12,853
Grants and contracts:		
State and local	885,502	928,086
Federal - Title and IDEA	209,466	253,463
Other grants	28,444	24,829
Total revenues, gains and other support	6,477,322	6,684,917
Expenses		
Program services:		
Regular education	5,221,500	5,067,973
Special education	127,458	174,547
Total program services	5,348,958	5,242,520
Supporting services:		
Management and general	928,748	1,046,134
Total operating services	6,277,706	6,288,654
Surplus from school operations	199,616	396,263
Other revenue		
Other income	43,755	62,054
Change in net assets	243,371	458,317
Net assets, beginning of year	2,111,133	1,652,816
Net assets, end of year	\$ 2,354,504	\$ 2,111,133

Icahn Charter School 6

STATEMENT OF FUNCTIONAL EXPENSES

As of June 30, 2020

	Program Services			Management and General	2020 Total
	Regular Education	Special Education	Total		
Personnel service costs					
Administrative staff personnel	\$ 153,909	\$ -	\$ 153,909	\$ 293,305	\$ 447,214
Instructional personnel	2,564,408	-	2,564,408	-	2,564,408
Non-instructional personnel	-	-	-	245,220	245,220
Total personnel service costs	2,718,317	-	2,718,317	538,525	3,256,842
Fringe benefits and payroll taxes	562,326	68	562,394	77,856	640,250
Retirement	70,820	-	70,820	18,347	89,167
Legal	1,041	-	1,041	160	1,201
Accounting/audit services	26,500	3,077	29,577	4,550	34,127
Other purchasing/professional/consulting services	13,834	-	13,834	1,073	14,907
Building and land rent/lease	625,374	72,619	697,993	107,383	805,376
Repairs and maintenance	44,245	1,588	45,833	7,051	52,884
Insurance	39,858	-	39,858	6,132	45,990
Utilities	16,640	1,932	18,572	2,857	21,429
Supplies/materials	199,785	17,552	217,337	-	217,337
Equipment/furnishings	4,052	-	4,052	8,228	12,280
Staff development	337,985	-	337,985	-	337,985
Marketing/recruitment	12,907	-	12,907	1,986	14,893
Technology	137,350	2,486	139,836	21,513	161,349
Telephone	9,662	1,122	10,784	1,659	12,443
Student services	177,845	5,241	183,086	-	183,086
Office expense	19,577	2,207	21,784	97,111	118,895
Depreciation	176,438	19,449	195,887	22,626	218,513
Other	26,944	117	27,061	11,691	38,752
Total expenses	\$ 5,221,500	\$ 127,458	\$ 5,348,958	\$ 928,748	\$ 6,277,706

	Regular Education	Special Education	Total	Management and General	2019 Total
Personnel service costs					
Administrative staff personnel	\$ 155,178	\$ -	\$ 155,178	\$ 282,092	\$ 437,270
Instructional personnel	2,342,720	-	2,342,720	-	2,342,720
Non-instructional personnel	-	-	-	311,507	311,507
Total personnel service costs	2,497,898	-	2,497,898	593,599	3,091,497
Fringe benefits and payroll taxes	504,861	68	504,929	89,186	594,115
Retirement	69,357	-	69,357	21,607	91

Icahn Charter School 6

STATEMENTS OF CASH FLOWS

	2020	2019
Cash flows from operating activities:		
Cash receipts from:		
Public school district	\$ 5,271,908	\$ 5,479,416
Grants and contracts	1,102,755	1,349,995
Other	43,757	62,054
Cash payments for:		
Vendors	(2,424,962)	(2,025,173)
Employee salaries and benefits	(3,831,906)	(3,761,275)
Net cash provided by operating activities	161,552	1,105,017
Cash flows from investing activities:		
Purchase of equipment	(103,605)	(213,263)
Cash flows from financing activities:		
Capital lease payments	(9,403)	(9,143)
Cash and cash equivalents and Restricted Cash, beginning of year	2,748,648	1,866,037
Cash and cash equivalents and Restricted Cash, end of year	\$ 2,797,192	\$ 2,748,648
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 243,371	\$ 458,317
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	218,513	251,529
Change in assets and liabilities:		
Grants and contracts receivable	22,743	(4,985)
Due from school district	(63,127)	117,813
Prepaid expenses	(115,221)	77,877
Contributions and other receivables	10,523	17,936
Accounts payable and accrued expenses	(184,512)	200,961
Accrued payroll and benefits	154,353	15,302
Deferred rent	(52,294)	(36,953)
Due to school districts	-	(6,510)
Deferred revenue	(72,797)	13,730
Net cash provided by operating activities	\$ 161,552	\$ 1,105,017

Icahn Charter School 6

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Charter School reports their financial position and changes in net assets according to the existence or absence of donor-imposed restrictions, as follows:

Consequently, certain revenue and related assets are recognized when pledged or earned and certain expenses are recognized when the obligation is incurred.

Net Asset Classification

The Charter School reports information regarding their financial position and changes in net assets according to the existence or absence of donor-imposed restrictions, as follows:

Net Assets without Donor Restriction

Represent net assets which are not restricted by donors. Net assets without donor restrictions are net assets of the Charter School that are fully available, at the discretion of the Board of Directors and management, for the Charter School to utilize in any of its programs or supporting services.

Net Assets with Donor Restriction

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. Net assets with donor restrictions are net assets of the Charter School that are subject to donor-imposed restrictions that

Icahn Charter School 6

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Capital Assets

Furniture, fixtures, equipment, library, software, and textbooks are stated at cost net of depreciation, or fair

Icahn Charter School 6

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE C - CAPITAL ASSETS, NET

At June 30, 2020 and 2019, capital assets consisted of the following:

	2020	2019
Library, software and textbooks	\$ 30,288	\$ 30,288
Renovations and improvements	99,040	99,040
Equipment	1,293,530	1,243,128
Furniture and fixtures	390,879	337,676
	1,813,737	1,710,132
Less: Accumulated depreciation	(1,616,512)	(1,397,999)
	\$ 197,225	\$ 312,133

Included in equipment as of June 30, 2020 and 2019 are assets acquired under capital leases at a cost of approximately \$48,000 with accumulated depreciation of approximately \$29,600 and \$20,000, respectively.

Depreciation expense totaled approximately \$219,000 and \$252,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE D - RELATED PARTY TRANSACTIONS

Legal services are provided by the Inwood Opportunity LLC, a foundation for which Carl C. Icahn serves as a trustee, at no cost to the Charter School. These amounts have not been reflected as in-kind contributions in the accompanying financial statements, as neither the Charter School nor the Company has a readily measurable or objective basis for determining such amounts.

Certain expenses are shared amongst the seven Icahn Charter Schools (affiliated entities) and amounts may also be received on behalf of another Icahn Charter School. Shared expenses primarily related to prorated salaries, based on student enrollment, for administrators at Icahn Charter School 1 who serve in a management capacity at the Charter School and for one student counselor at the Charter School who served in an educational capacity at Icahn Charter School 6. At June 30, 2020 and 2019, accounts payable and accrued expenses included approximately \$33,000 and \$135,000, respectively, and other receivables included approximately \$9,500 and \$8,000, respectively, pertaining to these related party transactions.

NOTE E - CONTRIBUTED SERVICES AND SPACE

The Charter School utilizes certain facilities provided by the New York City public school system at no cost.

Icahn Charter School 6

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

The lease agreement includes rent escalation clauses. Since the payments are not equal over the term of the lease, the total rental payments are accounted for on a straight-line basis over the life of the lease. Accordingly, a deferred rent liability of \$74,000 and \$126,000 existed as of June 30, 2020 and June 30, 2019, respectively.

Government Agency Audits

The Charter School participates in a number of federal and state programs. These programs require that the Charter School comply with certain requirements of laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government contracts by government agencies is presently not determinable, it should not,

To the Board of Directors of:
Icahn Charter School 6

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Icahn Charter School 6, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 2, 2020.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the

Compliance and other matters

Our audit of the financial statements of the City of New York is conducted in accordance with the standards of the Government Auditing Standards. If we become aware of any noncompliance with laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the financial statements. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in order to issue an audit opinion on the financial statements. Accordingly, this report is not suitable for any other purpose.



New York, New York
November 2, 2020