



AGORA CYBER CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2020

AGORA CYBER CHARTER SCHOOL
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

January 21, 2021

To the Board of Trustees
Agora Cyber Charter School
King of Prussia, Pennsylvania

Report on Financial Statements

We have audited the accompanying financial statements of the Agora Cyber Charter School ("the School"), a nonprofit organization, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

To the Board of Trustees
Agora Cyber Charter School

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agora Cyber Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Agora Cyber Charter School's June 30, 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Board of Trustees
Agora Cyber Charter School

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

**AGORA CYBER CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 13,607,994	\$ 9,143,820
Accounts receivable, net	7,098,322	15,371,081
Grants receivable	1,250,995	3,025,575
Prepaid expenses	9,094	222,005
Total Current Assets	<u>21,966,405</u>	<u>27,762,481</u>
NONCURRENT ASSETS:		
Leasehold improvements	193,909	193,909
Computer equipment and software	347,752	347,752
Office equipment	149,241	149,241
Less: Accumulated depreciation	<u>(277,269)</u>	<u>(158,138)</u>
Property and Equipment, Net	413,633	532,764
Deposits	150,426	150,426
Total Noncurrent Assets	<u>564,059</u>	<u>683,190</u>
 TOTAL ASSETS	 <u>\$ 22,530,464</u>	 <u>\$ 28,445,671</u>
<u>LIABILITIES AND NET DEFICIT</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 21,277,234	\$ 29,445,067
Accrued salaries and benefits	7,032,172	6,163,790
Total Current Liabilities	<u>28,309,406</u>	<u>35,608,857</u>
NET DEFICIT:		
Net deficit without donor restriction	<u>(5,778,942)</u>	<u>(7,163,186)</u>
Total Net Deficit	<u>(5,778,942)</u>	<u>(7,163,186)</u>
 TOTAL LIABILITIES AND NET DEFICIT	 <u>\$ 22,530,464</u>	 <u>\$ 28,445,671</u>

The accompanying notes are an integral part of these financial statements.

**AGORA CYBER CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Totals for 2019)**

	Without Donor Restriction	With Donor Restriction	Totals
	2020		2019
PUBLIC SUPPORT, REVENUE, AND GAINS			
Public Support:			
Operating subsidy	\$ 88,733,260	-	\$ 90,582,142
Federal grants	-	6,287,203	5,250,392
Interest income	178,704	-	257,893
Gain on sale of assets	-	-	18,418
Other income	18,664	-	262,074
Subtotal	88,930,628	6,287,203	96,370,919
Net assets released from restriction:			
Satisfaction of program restrictions	6,287,203	(6,287,203)	-
TOTAL PUBLIC SUPPORT, REVENUE, AND GAINS	95,217,831	-	96,370,919
EXPENSES			
Program Services:			
Instruction	58,192,082	-	58,492,723
IDEA	1,628,423	-	1,756,951
Medical Access Administrative	56,087	-	61,358
Title I	2,764,382	-	2,971,586
Title II	223,391	-	261,227
Title III	1,743	-	5,138
Title IV	198,563	-	194,132
Total Program Services	63,064,671	-	63,743,115
Support services	30,768,916	-	30,699,039
TOTAL EXPENSES	93,833,587	-	94,442,154
NET OPERATING INCOME	1,384,244	-	1,928,765
CHANGE IN NET DEFICIT	1,384,244	-	1,928,765
NET DEFICIT, BEGINNING OF YEAR	(7,163,186)	-	(9,091,951)
NET DEFICIT, END OF YEAR	\$ (5,778,942)	-	\$ (7,163,186)

The accompanying notes are an integral part of these financial statements.

**AGORA CYBER CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Totals for 2019)**

	Program Services										Total Support Services	Totals	
	Instruction	IDEA	Medical Access Administrative	Title I	Title II	Title III	Title IV	Total Program Services	2020	2019			
Salaries	\$ 18,105,597	\$ -	\$ -	\$ 1,891,726	\$ 155,035	\$ -	\$ 143,064	\$ 20,295,442	\$ 12,911,132	\$ 33,206,574	\$ 32,546,020		
Benefits and payroll taxes	15,990,938	-	-	818,024	69,356	-	55,479	16,932,797	7,566,444	24,499,241	24,065,171		
Total Salaries and Related Expenses	34,096,535	-	-	2,709,750	223,391	-	198,563	37,228,239	20,477,576	57,705,815	56,611,191		
Advertising	-	-	-	-	-	-	-	-	2,655,259	2,655,259	3,217,948		
Books and materials	2,593,290	-	-	-	-	-	-	2,593,290	21	2,593,311	3,294,509		
Depreciation	119,131	-	-	-	-	-	-	119,131	-	119,131	56,270		
Dues and fees	284	-	-	-	-	-	-	284	317,702	317,986	85,558		
Insurance	201,918	-	-	-	-	-	-	201,918	-	201,918	189,053		
Instructional expenses and software	448,514	-	-	-	-	-	-	448,514	40,548	489,062	1,120,084		
Interest expense	-	-	-	-	-	-	-	-	-	-	101		
Legal services	-	-	-	-	-	-	-	-	763,937	763,937	1,021,228		
Miscellaneous	3,343	-	-	-	-	-	-	3,343	-	3,343	35		
Occupancy	-	-	-	-	-	-	-	-	328,436	328,436	711,027		
Postage	6,032	-	-	-	-	-	-	6,032	65,787	71,819	129,937		
Printing and binding	6,420	-	-	-	-	-	-	6,420	1,574	7,994	3,046		
Professional services	7,391,382	-	-	48,766	-	1,743	-	9,126,401	1,620,762	10,747,163	10,471,632		
Rental expense	36,310	-	-	-	-	-	-	36,310	94,150	130,460	64,221		
Repairs and maintenance	-	-	-	-	-	-	-	-	2,115,351	2,115,351	2,068,296		
Special education services	561,177	-	-	-	-	-	-	561,177	107,531	668,708	87,647		
Student activities	47	-	-	-	-	-	-	47	6,884	6,931	5,127		
Supplies and small equipment	21,318	-	-	5,866	-	-	-	27,184	65,003	92,187	299,124		
Technology expense	12,249,535	-	-	-	-	-	-	12,249,535	1,083,577	13,333,112	12,595,125		
Telephone and internet	340,989	-	-	-	-	-	-	340,989	729,809	1,070,798	1,388,332		
Transportation	23,471	-	-	-	-	-	-	23,471	-	23,471	485,863		
Travel and entertainment	92,386	-	-	-	-	-	-	92,386	295,009	387,395	536,800		
TOTAL EXPENSES	\$ 58,192,082	\$ 1,628,423	\$ 56,087	\$ 2,764,382	\$ 223,391	\$ 1,743	\$ 198,563	\$ 63,064,671	\$ 30,768,916	\$ 93,833,587	\$ 94,442,154		

The accompanying notes are an integral part of these financial statements.

**AGORA CYBER CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,384,244	\$ 1,928,765
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	119,131	56,270
Gain on sale of assets	-	(18,418)
(Increase) Decrease in:		
Accounts receivable	8,272,759	(9,859,509)
Grants receivable	1,774,580	(2,830,862)
Prepaid expenses	212,911	(74,837)
Deposits	-	(104,509)
Increase (Decrease) in:		
Accounts payable	(8,167,833)	(5,918,201)
Accrued salaries and benefits	868,382	(237,046)
Unearned revenue	-	(205,500)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,464,174</u>	<u>(17,263,847)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	-	(552,822)
Proceeds from sale of assets	-	100,000
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>(452,822)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,464,174	(17,716,669)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,143,820</u>	<u>26,860,489</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,607,994</u>	<u>\$ 9,143,820</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ -</u>	<u>\$ 101</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

AGORA CYBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 NATURE OF THE ORGANIZATION

The Agora Cyber Charter School ("the School") is organized as a not-for-profit organization and operates a cyber charter school in King of Prussia, Pennsylvania, under an approved charter received from the Pennsylvania Department of Education, acting pursuant to authority conferred under Act 88. The School's initial operations began on July 1, 2005.

The mission of the School is to provide an innovative and intense academic preparation that inspires and educates students to achieve the highest levels of academic knowledge and skills, and develop proficiency in the design and use of new computer technologies and scientific research. Through a combination of computer-supported instruction in the home; face-to-face meetings; and video conferencing with a certified teacher, specifically tailored research-based curriculum, and access to a community of experts in science and technology, our students will be fully prepared to be leaders in the digital age.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the School have been prepared using the accrual basis of accounting.

Financial Statement Presentation

In accordance with the portion of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") regarding financial statements of not-for-profit organizations, the School is required to report information regarding its financial position and activities according to the following two classes of net assets:

- Net Assets Without Donor Restriction – Net assets that are not subject to donor-imposed restrictions or law.
- Net Assets With Donor Restriction – Net assets subject to restrictions imposed by the donor. These restrictions may be removed either by actions of the School or the passage of time or may exist in perpetuity.

In addition, the School is required to present a statement of cash flows.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The School has been classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(a)(iv) of

AGORA CYBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

the Internal Revenue Code. The School did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

Cash and Cash Equivalents

The School considers all short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Property and Equipment

The School defines property and equipment as assets with an initial individual cost equal to or greater than \$1,000 and an estimated useful life in excess of one year. All property and equipment are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Property and equipment of the School are depreciated using the straight-line method over the following estimated useful lives:

Leasehold improvements	5 - 10 years
Computer equipment and software	2 - 5 years
Office equipment	3 - 10 years

Net Deficit

Net deficit represents the difference between assets and liabilities.

Funding

The School is funded primarily from the local school district in which a student resides by receiving an amount equal to the calculation of selected expenditures per average daily

AGORA CYBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

membership for each child attending the School. Funding is recognized as revenue as it is earned. The rate of funding per student is determined on an annual basis.

Advertising Costs

The School expenses advertising costs as incurred.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses are allocated to program and supporting services based upon employees' time for each function, purpose of each expenditure, and service provided for each program.

Use of Estimates in the Preparation of Financial Statements

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

Prior Year Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 School's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. The School does not have a policy in place for custodial credit risk. As of June 30, 2020, the carrying amount of the School's deposits was \$13,607,994, and the bank balance was \$14,493,069. The bank balance of \$14,493,069 was held in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share. PSDLAF is rated by a nationally recognized rating organization and, at June 30, 2020, was rated AAAM.

AGORA CYBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 RECEIVABLES

Receivables as of June 30, 2020 consist primarily of charges to school districts. The allowance for uncollectible accounts is based on management's evaluation of outstanding receivables. Accounts receivable at June 30, 2020 consisted of:

	Accounts	Grants
Due from school districts	\$ 7,956,869	\$ -
Federal receivables	-	1,240,701
State receivables	-	10,294
Less: Allowance for uncollectible accounts	(858,547)	-
Totals	\$ 7,098,322	\$ 1,250,995

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment activity were as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Leasehold improvements	\$ 193,909	\$ -	\$ -	\$ 193,909
Computer equipment	347,752	-	-	347,752
Office equipment	149,241	-	-	149,241
	690,902	-	-	690,902
Accumulated depreciation	(158,138)	(119,131)	-	(277,269)
	\$ 532,764	\$ (119,131)	\$ -	\$ 413,633

NOTE 6 OPERATING LEASES

In September 2018, the School entered into a 126-month lease for its King of Prussia location at 1018 West 8th Avenue with Pios Grande KOP Business Center, L.P. for approximately 17,000 rentable square feet ("RSF") to be used for its administrative offices beginning on January 1, 2019. The lease called for monthly payments beginning at \$18.50/RSF annually from January 2019 through December 2025, increasing by \$0.50/RSF annually each year thereafter on January 1.

The future minimum lease obligations under the operating agreements are as follows:

AGORA CYBER CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 6 OPERATING LEASES (cont'd)

Year Ending June 30,	Amount
2021	\$ 325,923
2022	334,280
2023	342,637
2024	350,994
2025	359,351
2026-2029	1,520,974
	\$ 3,234,159

Rent expense for the year ended June 30, 2020, was \$317,566 and has been included in occupancy expense.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Educational Products and Services Agreement

In the year ended June 30, 2020, the School was using K12 to provide educational products and administrative and technology services to the School. The School incurred expenses totaling \$18,901,346 during the year ended June 30, 2020. As of June 30, 2020, the School owed K12 \$17,058,898 related to the expenses incurred during the year ended June 30, 2020.

NOTE 8 PENSION PLANS

The School contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Pennsylvania Public School Employees' Retirement System ("PSERS"). Benefit provisions of the plan are established under the provisions of the Pennsylvania Public School Employees' Retirement Code ("the Code") and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement, disability, and death benefits; legislatively mandated *ad hoc* cost-of-living adjustments; and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of the member's employment in the public school sector. The PSERS issues annual publicly available financial reports that include financial statements for the plan. The report may be obtained by writing to PSERS, P.O. Box 125, Harrisburg, PA 17108-0125.

Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members and employers and the Commonwealth. In the past,

AGORA CYBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 PENSION PLANS (cont'd)

most active members were required to contribute 5.25 percent of their compensation if they joined the plan before July 22, 1983 and 6.25 percent if they joined on or after that date.

Members enrolled at June 1, 2001 had to elect to maintain the same contribution rate as stated above or change to a higher contribution rate that provides greater retirement benefits. The new higher contribution rates, effective January 1, 2002, are 6.5 percent if the member joined prior to July 22, 1983 and 7.5 percent if they joined on or after that date. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the fiscal year ended June 30, 2020, the rate of employer contribution was 34.29 percent of covered payroll, which was comprised of 33.36 percent for pension contributions, 0.09 percent for defined benefit contributions, and 0.84 percent for healthcare contributions.

The School's contributions to PSERS for the years ended June 30, 2020, 2019, and 2018 were \$9,133,712, \$9,162,631, and \$8,718,042, respectively. Those amounts are equal to the required contribution for each year.

403(b) Plan Description

For all employees hired after June 1, 2015, the School participates in the Agora Cyber Charter School 403(b) Plan ("403(b) Plan") as an alternative to the PSERS plan. The plan requires a five percent mandatory employee contribution as well as a five percent employer nonelective contribution for the employee. The employer may also, if desired, add a discretionary nonelective contribution to be determined on an annual basis. Employer contributions become 100 percent vested after one year of participation in the 403(b) Plan.

Funding Policy

The contribution policy is established by the 403(b) Plan document and requires contributions by employees and the employer. For the years ended June 30, 2020, 2019, and 2018, the School's contributions were \$374,549, \$306,346, and \$280,492, respectively.

NOTE 9 GRANTS

The School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

AGORA CYBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. The School self-funds health insurance claims on a pay-as-you-go basis. During the year ended June 30, 2020, the School paid \$11,139,279 in medical claims.

NOTE 11 ECONOMIC DEPENDENCY

The largest source of revenue for the School is the amount received through operating subsidies from local education agency assistance. This amount was \$88,406,531, or 92.85 percent, of total public support, revenue and gains for the year ended June 30, 2020. Of this amount, 29.64 percent came from the School District of Philadelphia.

NOTE 12 LIQUIDITY AND AVAILABILITY OF RESOURCES

The School's financial assets consist of cash and cash equivalents, accounts receivable, and grants receivable.

The School has a goal to maintain financial assets on hand to meet, at a minimum, 60 days of normal operating expenses, which is approximately \$15,500,000. At June 30, 2020, the School had \$21,957,311 in highly liquid financial assets. The School has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 13 UNCERTAINTY

As a result of the spread of the COVID-19 coronavirus which is ongoing as of June 30, 2020, economic and operational uncertainties have arisen which may impact the School in fiscal year 2021. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

NOTE 14 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through January 21, 2021, the date the financial statements were available to be issued.

SINGLE AUDIT INFORMATION



INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

January 21, 2021

To the Board of Trustees
Agora Cyber Charter School
King of Prussia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Agora Cyber Charter School ("the School"), a nonprofit organization, 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 January 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Trustees
Agora Cyber Charter School

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

Compliance and Other Matters

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

Purpose of This Report

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

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP



INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

January 21, 2021

To the Board of Trustees
Agora Cyber Charter School
King of Prussia, Pennsylvania

Report on Compliance for the Major Federal Program

We have audited the Agora Cyber Charter School's ("the School") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2020. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Trustees
Agora Cyber Charter School

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on the Major Program

In our opinion, the Agora Cyber Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.


Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

**AGORA CYBER CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

SOURCE CODE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED REVENUE 07/01/2019	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED REVENUE 06/30/2020	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
FEDERAL GRANTOR/PROJECT TITLE										
U.S. DEPARTMENT OF EDUCATION										
Passed through Pennsylvania Department of Education										
I	84.010	013-191057	07/01/18 - 09/30/19	\$ 2,653,035	\$ 884,220	\$ 884,220	\$ -	\$ -	\$ -	\$ -
I	84.010	013-201057	07/01/19 - 09/30/20	2,494,773	2,333,065	-	2,494,773	2,494,773	161,708	-
I	84.010	042-181057	10/11/18 - 09/30/19	77,665	51,777	51,777	-	-	-	-
I	84.010	042-191057	10/11/19 - 09/30/20	350,492	269,609	-	269,609	269,609	-	-
					3,538,671	935,997	2,764,382	2,764,382	161,708	-
I	84.367	020-191057	07/01/18 - 09/30/19	261,227	190,263	190,263	-	-	-	-
I	84.367	020-201057	07/01/19 - 09/30/20	223,391	80,065	-	223,391	223,391	143,326	-
					270,328	190,263	223,391	223,391	143,326	-
I	84.424	144-191057	07/01/18 - 09/30/19	194,132	142,364	142,364	-	-	-	-
I	84.424	144-201057	07/01/19 - 09/30/20	198,563	198,563	-	198,563	198,563	-	-
					340,927	142,364	198,563	198,563	-	-
I	84.425D	N/A	03/13/20 - 09/30/21	657,234	-	-	657,234	657,234	657,234	-
Passed through Montgomery County I.U.										
I	84.027	N/A	07/01/18 - 09/30/19	1,756,016	1,756,016	1,756,016	-	-	-	-
I	84.027	N/A	07/01/19 - 09/30/20	1,628,045	1,351,733	-	1,628,045	1,628,045	276,312	-
					3,107,749	1,756,016	1,628,045	1,628,045	276,312	-
I	84.173	N/A	07/01/18 - 09/30/19	935	935	935	-	-	-	-
I	84.173	N/A	07/01/19 - 09/30/20	378	-	-	378	378	378	-
					935	935	378	378	378	-
					3,108,684	1,756,951	1,628,423	1,628,423	276,690	-
I	84.365	N/A	07/07/19 - 09/30/20	1,743	-	-	1,743	1,743	1,743	-
					7,258,610	3,025,575	5,473,736	5,473,736	1,240,701	-
TOTAL U.S. DEPARTMENT OF EDUCATION										
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed through Pennsylvania Department of Health and Human Services										
I	93.778	N/A	07/01/19 - 06/30/20	61,358	56,087	-	56,087	56,087	-	-
					56,087	-	56,087	56,087	-	-
					56,087	-	56,087	56,087	-	-
					56,087	-	56,087	56,087	-	-
					7,314,697	3,025,575	5,529,823	5,529,823	1,240,701	\$ -
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
TOTAL EXPENDITURES OF FEDERAL AWARDS										
SOURCE CODE:										
I - Indirect Funding										

AGORA CYBER CHARTER SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the Agora Cyber Charter School. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

NOTE B BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

NOTE C INDIRECT COST RATE

The School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2020, there were no indirect costs included in the schedule of expenditures of federal awards.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2020 was \$757,380.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

AGORA CYBER CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

Yes No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

AGORA CYBER CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

2016-007 – FINANCIAL MANAGEMENT OF FEDERAL AWARDS

Condition

During the year ended June 30, 2016, significant adjusting journal entries were required to correctly record the entity's federal expenditures. In particular, federal expenditures for two of its programs were recorded in excess of the grant award total, indicating a lack of comparison between the actual expenditures for the program and the awarded amount. In addition, the School was not able to adequately support or demonstrate its allocation of expenditures between its federal and non-federal expense accounts for certain federal expenditures selected for testing.

Criteria

As required by 2 CFR 200 Section 302, *Financial Management of the Uniform Guidance*, a local education agency must maintain adequate internal controls over financial reporting related to the entity's federal awards. In particular, the financial management system of an entity must provide for the following:

- Identification in its accounts of all federal awards received and expended.
- Accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting and monitoring requirements established by 2 CFR 200 Section 327, *Financial Reporting*, and Section 328, *Monitoring*.
- Records that adequately identify the source and application of funds for federally funded activities.
- Effective control over and accountability for all funds, property, and other assets.
- Comparison of expenditures with budget amounts for each federal award.
- Written procedures to implement the requirements of 2 CFR 200 Section 305, *Payment*.
- Written procedures for determining the allowability of costs in accordance with Subpart E - *Cost Principles of the Uniform Guidance*.

AGORA CYBER CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

STATUS OF PRIOR YEAR FINDINGS

Cause

The School did not have a sufficient staff of proficiently skilled employees to monitor its federal programs during the year and ensure that the program activities were properly recorded in the general ledger.

Effect

Significant adjusting entries were required to correct the School's federal awards.

Questioned Costs

This finding did not result in questioned costs.

Recommendation

While we recognized that the School had hired a Federal Programs Coordinator since the start of the audit process, we recommended that the School implement procedures that will ensure the activities of its federal programs are correctly recorded in the School's financial accounting system. In particular, staff administering the federal programs and the staff in the accounting and finance department should collaborate to ensure that all activities are properly administered and recorded. Management should also implement procedures that require the continuous monitoring of each program's budget to ensure compliance with the Uniform Guidance Financial Management requirement. Lastly, management should implement procedures that will provide for support of the entity's allocation of expenses between federal and non-federal expenses; for instance, if an invoice is coded partially between a federal program and a non-federal program, the allocation of each amount should be documented.

Status

During our current year audit, we noted that the School had recorded current year federal expenditures to the correct federal codes in their accounting system. Therefore, this recommendation is no longer applicable for the current year.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

AGORA CYBER CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

See Finding #2016-007 under Part B (CFDA #84.010).

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.