









# ***NEW ROOTS CHARTER SCHOOL***

## **EXECUTIVE SUMMARY OF 2020 AUDIT RESULTS**

Independent Auditors' Report on the financial statements.	An unmodified report on New Roots Charter School's (the School) financial statements for the years ended June 30, 2020 and 2019.
Communication With Those Charged with Governance at the Conclusion of the Audit.	A letter that specifically addresses certain required communications to the Board of Trustees in accordance with professional standards. The letter discusses the following: <ul data-bbox="797 583 1425 882" style="list-style-type: none"><li>Qualitative Aspects of Accounting Practices</li><li>Difficulties Encountered in Performing the Audit</li><li>Corrected and Uncorrected Misstatements</li><li>Disagreements with Management</li><li>Management Representations</li><li>Management Consultations with Other Independent Accountants</li><li>Oica</li></ul>

# ***NEW ROOTS CHARTER SCHOOL***

## **STATEMENTS OF FINANCIAL POSITION JUNE 30,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ <b>260,439</b>	\$ 143,164	\$182,202	\$ 167,268	\$ 148,084
State and Federal Aid Receivable	<b>37,533</b>	2,312		57,241	29,687
Accounts Receivables, Net	<b>83,523</b>	297,031	267,010	291,413	363,931
Inventories	<b>1,374</b>	1,395	1,017	963	2,036
Prepaid Expenses and Other Current Assets		3,326	3,327	3,854	3,821
<b>Total Current Assets</b>	<b>382,869</b>	447,228	453,556	520,739	547,559
<b>Noncurrent Assets</b>					
Cash - Reserve	<b>75,000</b>	25,000			
Deposits	<b>23,457</b>	23,457	23,457	23,457	23,457
Equipment and Leasehold Improvements, Net	<b>360,671</b>	416,716	467,757	496,919	484,864
<b>Total Assets</b>	<b>\$ 841,997</b>	\$ 912,401	\$ 944,770	\$ 1,041,115	\$ 1,055,880

*Note: Abstracted from Audited Financial Statements. See Audit Reports for Complete Information*

# ***NEW ROOTS CHARTER SCHOOL***

## **STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Operating Revenues</b>					
Public School District:					
Resident Student Enrollment, Net	<b>\$ 1,550,649</b>	\$ 1,974,558	\$1,880,090	\$ 1,741,929	\$ 1,618,233
Less Allowance for Current Year Disputed Claims		(129,578)	(79,383)		
Subtotal	<b>1,550,649</b>				

*Note: Abstracted from Audited Financial Statements. See Audit Reports for Complete Information*

# NEW ROOTS CHARTER SCHOOL

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>					
Cash Received from Providing Services	<b>\$1,749,637</b>	\$1,925,945	\$1,947,385	\$ 1,894,265	\$ 1,677,202
Cash Received from Contributors and Grants	<b>341,571</b>	202,076	241,329	138,614	101,380
Interest Received	<b>228</b>	187	180	228	256
Other Cash Received	<b>29,914</b>	8,592	12,552	22,425	38,396
Cash Paid to Employees and Suppliers	<b>(1,954,075)</b>	(2,145,720)	(2,152,835)	(1,962,070)	(1,926,108)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>167,275</u></b>	<u>(8,920)</u>	<u>48,611</u>	<u>93,462</u>	<u>(108,874)</u>
<b>Cash Flows From Investing Activities</b>					
Equipment Acquisitions		(5,118)	(33,677)	(37,466)	(55,593)
Leasehold Improvements				(36,812)	
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>-</u></b>	<u>(5,118)</u>	<u>(33,677)</u>	<u>(74,278)</u>	<u>(55,593)</u>
<b>Cash Flows From Financing Activities</b>	<b><u>-</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Cash from Financing Activities</b>	<b><u>-</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>167,275</b>	(14,038)	14,934	19,184	(164,467)
Cash and Cash Equivalents at July 1,	<b><u>168,164</u></b>	<u>182,202</u>	<u>167,268</u>	<u>148,084</u>	<u>312,551</u>
<b>Cash and Cash Equivalents at June 30,</b>	<b><u>\$ 335,439</u></b>	<u>\$ 168,164</u>	<u>\$ 182,202</u>	<u>\$ 167,268</u>	<u>\$ 148,084</u>

*Note: Abstracted from Audited Financial Statements. See Audit Reports for Complete Information*



# **NEW ROOTS CHARTER SCHOOL**

**Ithaca, New York**

## **FINANCIAL REPORT**

**For the Years Ended  
June 30, 2020 and 2019**

# ***NEW ROOTS CHARTER SCHOOL***

## **TABLE OF CONTENTS**

Independent Auditors Report .....	1-2
Statements of Financial Position .....	3
Statements of Activities .....	4-4a
Statements of Functional Expenses .....	5-6a
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8-17

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### **Report Required Under *Government Auditing Standards*:**

Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18-19
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
New Roots Charter School  
Ithaca, New York

We have audited the accompanying financial statements of New Roots Charter School (the School), which comprise the Statements of Financial Position as of 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 statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control as a part of the 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 New Roots Charter School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

The accompanying financial statements have been prepared assuming New Roots Charter School will continue as a going concern. As discussed in Note 12 to the financial statements, the School has been unsuccessful in collecting a significant portion of the outstanding accounts receivable balances and has experienced

# ***NEW ROOTS CHARTER SCHOOL***

## **STATEMENTS OF FINANCIAL POSITION JUNE 30,**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 260,439	\$ 143,164
State and Federal Aid Receivable	37,533	2,312
Accounts Receivables Net of Allowance for Disputed Claims of \$578,685 and \$438,977 (See Note 3)	83,523	297,031
Inventories	1,374	1,395
Prepaid Expenses		3,326
<b>Total Current Assets</b>	<b>382,869</b>	<b>447,228</b>
<b>Noncurrent Assets</b>		
Cash - Reserve	75,000	25,000
Deposits	23,457	23,457
Equipment and Leasehold Improvements, Net of Accumulated Depreciation of \$523,993 and \$467,948	360,671	416,716
<b>Total Noncurrent Assets</b>	<b>459,128</b>	<b>465,173</b>

*See Notes to Financial Statements*

# NEW ROOTS CHARTER SCHOOL

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30,

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenues</b>			
Public School Districts:			
Resident Student Enrollment	\$ 1,550,649	\$	\$ 1,550,649
Less Allowance for Current Year Disputed Claims	-		-
Subtotal	1,550,649	-	1,550,649
Students with Disabilities	124,109		124,109
Grants and Contracts:			
State and Local		930	930
Federal Grants - Title I and Other Title Grants		57,990	57,990
Federal Grants - IDEA Funds		57,359	57,359
Federal and State Grants - School Lunch		35,064	35,064
Contributions	202,649	22,800	225,449
Investment Income	228		228
Food Service Income	1,079		1,079
Fundraising Income	7,825		7,825
E-Rate Reimbursement			-
Other Income	22,089		22,089
Net Assets Released from Purpose Restrictions	179,242	(179,242)	-
<b>Total Revenues and Other Support</b>	<b>2,087,870</b>	<b>(5,099)</b>	<b>2,082,771</b>
<b>Expenses</b>			
<b>Program Expenses</b>			
Regular Education	1,230,464		1,230,464
Special Education	153,770		153,770
Enrichment Programs	135,939		135,939
Total Program Expenses	1,520,173	-	1,520,173
<b>Supporting Services</b>			
Management and General	435,770		435,770
Total Supporting Services	435,770	-	435,770
<b>Total Expenses</b>	<b>1,955,943</b>	<b>-</b>	

*See Notes to Financial Statements*

**2019**

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 1,974,558	\$	\$ 1,974,558
(129,578)		(129,578)
<u>1,844,980</u>	-	<u>1,844,980</u>
194,579		194,579
	37,502	37,502
	59,635	59,635
	57,448	57,448
	44,761	44,761
5,042		5,042
187		187
401		401
2,282		2,282
3,261		3,261
3,049		3,049
<u>199,346</u>	<u>(199,346)</u>	<u>-</u>
<u>2,253,127</u>	<u>-</u>	<u>2,253,127</u>
1,448,826		1,448,826
189,673		189,673
161,387		161,387
<u>1,799,886</u>	<u>-</u>	<u>1,799,886</u>
<u>509,400</u>		<u>509,400</u>
<u>509,400</u>	<u>-</u>	<u>509,400</u>
<u>2,309,286</u>	<u>-</u>	<u>2,309,286</u>
(56,159)		(56,159)
(83,994)	-	(83,994)
587,672	14,181	601,853
<u>\$ 447,519</u>	<u>\$ 14,181</u>	<u>\$ 461,700</u>

# ***NEW ROOTS CHARTER SCHOOL***

## **STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Program Services</b>			<b>Program Services Subtotal</b>
	<b>Regular Education</b>	<b>Special Education</b>	<b>Enrichment Programs</b>	
Personnel Service Costs				
Administrative Staff Personnel	\$ 22,178	\$ 3,470	\$ 1,872	\$ 27,520
Instructional Personnel	635,225	99,601	53,784	788,610
Non-instructional Personnel	1,293			1,293
Total Personnel Service Costs	<u>658,696</u>	<u>103,071</u>	<u>55,656</u>	817,423
Benefits and Payroll Taxes	126,729	19,829	10,693	157,251
Legal Fees				-
Accounting/Auditing Fees				-
Board Expenses				-
Contracted Services	28,052	5,336	4,809	38,197
Supplies and Materials	9,920	2,233		12,153
Office Expense				-
Expensed Equipment				-
Food Service			30,897	30,897
Insurance	32,439	1,217	3,119	36,775
Maintenance and Repairs	2,091	315		2,406
Marketing and Recruitment	20,207	4,795	891	25,893
Rent	263,810	9,906	25,558	299,274
Staff Development	2,248	1,078		3,326
Technology	15,210	2,684		17,894
Textbooks	108	12		120
Student Services	2,868	956		3,824
Travel and Conferences	2,733			2,733
Utilities	11,893	652		12,545
Other Expenses	8,680			8,680
Depreciation	44,780	1,686	4,316	50,782
<b>Total Expenses</b>	<b>\$ 1,230,464</b>	<b>\$ 153,770</b>	<b>\$ 135,939</b>	<b>\$ 1,520,173</b>

*See Notes to Financial Statements*



<b>Supporting Services</b>		
<b>Management and General</b>	<b>Supporting Services Subtotal</b>	<b>Total</b>
\$ 260,649	\$ 260,649	\$ 288,169
		788,610
		1,293
<u>260,649</u>	<u>260,649</u>	<u>1,078,072</u>
50,149	50,149	207,400
26,049	26,049	26,049
27,490	27,490	27,490
150	150	150
20,622	20,622	58,819
248	248	12,401
3,565	3,565	3,565
246	246	246
		30,897
3,739	3,739	40,514
344	344	2,750
5,042	5,042	30,935
30,214	30,214	329,488
		3,326
		17,894
		120
		3,824
		2,733
2,000	2,000	14,545
		8,680
<u>5,263</u>	<u>5,263</u>	<u>56,045</u>
<u><b>\$ 435,770</b></u>	<u><b>\$ 435,770</b></u>	<u><b>\$ 1,955,943</b></u>

# *NEW ROOTS CHARTER SCHOOL*

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Program Services Subtotal
	Regular Education	Special Education	Enrichment Programs	
Personnel Service Costs				
Administrative Staff Personnel	\$ 28,283	\$ 4,425	\$ 2,387	\$ 35,095
Instructional Personnel	810,060	127,015	68,586	1,005,661
Non-Instructional Personnel	1,650			1,650
Total Personnel Service Costs	839,993	131,440	70,973	1,042,406
Benefits and Payroll Taxes	177,198	27,726	14,952	219,876
Legal Fees				
Accounting/Auditing Fees				
Board Expenses				
Contracted Services	26,985	5,133	4,626	36,744
Supplies and Materials	9,489	2,136		11,625
Office Expense				
Expensed Equipment				
Food Service			39,069	39,069
Insurance	33,324	1,250	3,204	37,778
Maintenance and Repairs	4,413	666		5,079
Marketing and Recruitment	10,180	2,416	449	13,045
Rent	245,553	9,220	23,789	278,562
Staff Development	4,593	1,078		5,671
Technology	27,293	4,817		32,110
Textbooks	641	71		712
Student Services	3,310	1,104		4,414
Travel and Conferences	2,119			2,119
Utilities	16,896	927		17,823
Other Expenses	1,967			1,967
Depreciation	44,872	1,689	4,325	50,886
<b>Total Expenses</b>	<b>\$ 1,448,826</b>	<b>\$ 189,673</b>	<b>\$ 161,387</b>	<b>\$ 1,799,886</b>



# ***NEW ROOTS CHARTER SCHOOL***

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30,**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows From Operating Activities</b>		
Cash Received from Providing Services	\$ <b>1,749,637</b>	\$ 1,925,945
Cash Received from Contributors and Grantors	<b>341,571</b>	202,076
Interest Received	<b>228</b>	187
Other Cash Received	<b>29,914</b>	8,592
Cash Paid to Employees	<b>(1,343,758)</b>	(1,562,537)
Cash Paid to Suppliers	<b>(610,317)</b>	(583,183)

*See Notes to Financial Statements*

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## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019**

### ***Note 1* Nature of Activities and Summary of Significant Accounting Policies - Continued**

#### **New Accounting Pronouncements - Continued**

In June 2018, FASB issued ASU 2018-

Guidance  
ng standard is

meant to help nonprofit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for resources provided. If the resource provider does receive commensurate value, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (Topic 606). If no commensurate value is received from the resource provider, the transfer is a contribution. The effective date of this ASU is for years beginning after December 15, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those reporting periods.

# ***NEW ROOTS CHARTER SCHOOL***

## **NOTES**

# ***NEW ROOTS CHARTER SCHOOL***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019**

### ***Note 1* Nature of Activities and Summary of Significant Accounting Policies - Continued**

#### **Events Subsequent to Report Date**

The School has evaluated events and transactions occurring between June 30, 2020 and October 29, 2020, which is the date on which the financial statements were





# ***NEW ROOTS CHARTER SCHOOL***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019**

### ***Note 8*** Pension System

The School participates in the New York State Teacher Retirement System (NYSTRS)(System). This is a cost-sharing multiple employer public defined benefit employee retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. The e System are less than 0.005% of total contributions to the System.

The New York State Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by Education Law and the Retirement and Social Security Law of the State of New York.

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**NO**

***NEW ROOTS CHARTER SCHOOL***



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPOR**

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP



## **MANAGEMENT COMMENT LETTER**

Board of Trustees  
New Roots Charter School  
Ithaca, New York

In planning and performing our audit of the financial statements of New Roots Charter School (the School) for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the

Resolution:

In the current year, the School contracted with an external accountant for bookkeeping services. As a result, there were no material adjustments detected as part of our audit.

**Other Matters**

During our audit, we also noted the following matters that provide opportunities for strengthening internal controls and operating efficiency.

**Current and Prior Year Comments**

Journal Entry Supporting Documentation

Finding:

Consistent with the prior year, no supporting documentation was maintained for journal entries examined.

Recommendation:

We recommend adequate supporting documentation be maintained for all journal entries.

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**Recommendation:**

We recommend management perform a comprehensive review of the historical receivable balances for each period outstanding, determine a net realizable amount owed by the

Recommendation:

As noted earlier, we recommend management continue to work with School Districts to resolve discrepancies and collect outstanding balances. On December 18, 2019, the SUNY Board of Trustees passed a resolution to place the School on probationary status. The probation lays out a corrective action plan that includes development of a proposed recruitment plan to increase enrollment, as well as development of a fiscally sound budget through June 30, 2020 which included substantial payments to NYSTRS totaling at least \$80,000.

Management's Response:

During the June 30, 2020 fiscal year, management conducted a detailed review of the budgeting process, cash flow cycle, and outstanding receivable balances. As a result of this analysis, management developed a detailed monthly budget and projected cash flow statement which was used by the School to monitor its current and future obligations and to satisfy required reporting requirements. Additionally, the School developed a process to monitor the timeliness of School District payments and has submitted intercept requests to the New York State Education Department for the outstanding receivable balances. The School's efforts resulted in improved collection of outstanding balances for the 2020 fiscal year. The School is also conducting a variety of fund(( (6) 348) (F0 (s) 476-32(s) 039

This communication is intended solely for the information and use of management, the Audit Committee and Board of Trustees, and others within the School, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 29, 2020