

# RIVERTON STREET CHARTER SCHOOL



Financial Statements, Additional  
Information, and Federal Awards  
Supplementary Information as of  
and for the Year Ended June 30, 2024,  
and Independent Auditor's Reports

**NATIONAL  
HERITAGE  
ACADEMIES®** 

# RIVERTON STREET CHARTER SCHOOL

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# RIVERTON STREET CHARTER SCHOOL

## STATEMENT OF FINANCIAL POSITION YEAR ENDED JUNE 30, 2024

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### ASSETS

#### CURRENT ASSETS:

Cash	\$	56,207
Due from governmental revenue sources		<u>444,316</u>

Total current assets 500,523

NON-CURRENT ASSETS - Restricted cash 80,828

TOTAL \$ 581,351

### LIABILITIES AND NET ASSETS

#### LIABILITIES:

Deferred revenue	\$	14,025
Contracted service fee payable		<u>519,043</u>

Total liabilities 533,068

NET ASSETS - Net Assets without donor restriction 48,283

TOTAL \$ 581,351

See notes to financial statements

## RIVERTON STREET CHARTER SCHOOL

### STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS YEAR ENDED JUNE 30, 2024

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#### REVENUES, GAINS AND OTHER SUPPORT - Without donor restriction:

Public School District

Resident Student Enrollment	\$ 18,078,221
Students with Disabilities	1,685,642

Grants, Contracts, and Other

Federal - Title, IDEA, and ESSER	809,697
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Other	79,375
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Child Nutrition Program - Federal	736,316
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Child Nutrition Program - State	<u>94,278</u>
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Total revenues, gains and other support	21,483,529
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#### EXPENSES:

Contracted service fee:

Program services	17,147,671
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Management and general	4,298,689
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Board funds	<u>53,248</u>
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Total expenses	<u>21,499,608</u>
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CHANGE IN NET ASSETS - Without donor restriction	(16,079)
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NET ASSETS - Without donor restriction

Beginning of year	<u>64,362</u>
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End of year	<u><u>\$ 48,283</u></u>
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See notes to financial statements.

## RIVERTON STREET CHARTER SCHOOL

### STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2024

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CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	
State aid	\$ 19,902,995
Other state sources	95,688
Federal sources	2,361,691
Private sources	57,823
Payments for services rendered	<u>(22,426,126)</u>
Net cash and restricted cash used by operating activities	<u>(7,929)</u>
NET DECREASE IN CASH AND RESTRICTED CASH	(7,929)
CASH AND RESTRICTED CASH - Beginning of year	<u>144,964</u>
CASH AND RESTRICTED CASH - End of year	<u><u>\$ 137,035</u></u>

See notes to financial statements.

# RIVERTON STREET CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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### 1. NATURE OF OPERATIONS

Riverton Street Charter School (the "School") is a public charter school as defined by Article 56 of the New York State Education Law which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School operates under a charter approved by the New York City Department of Education, which is responsible for oversight of the School's operations. The charter expires June 30, 2029 and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business. The School provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The School's primary source of revenue is provided by the State of New York and consists of an amount per student multiplied by weighted average student counts.

The Board of Trustees of the School has entered into a management agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. The agreement will continue until termination or expiration of the charter, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources and NHA pays the Board of Directors an amount equal to the lesser of two percent of state per pupil aid or \$35,000. These funds are property of the School and may be used by the School at the discretion of the board.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** — The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles accepted in the United States of America for not-for-profit organizations.

**Estimates** — 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash** — Cash as of June 30, 2024 represents bank deposits which are covered by federal depository insurance.

**Restricted Cash** — Under the requirements of NYSED, the School has agreed to establish a reserve cash account and maintain a minimum balance of \$70,000. At June 30, 2024, \$80,828 of cash is restricted for that purpose. In the event of dissolution of the School, the reserve cash account would be used to pay for legal and audit expenses associated with the dissolution.

**Capital Assets** — Capital assets, which include other equipment, are reported at historical cost. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3-10 years.

**Deferred Revenue** — Deferred revenue as of June 30, 2024 consists of grant funds received for services which have not yet been performed. The School received cash related to cost-reimbursable grants of \$1,984,763 for June 30, 2024 that are conditioned upon incurring eligible expenditures for which \$1,974,382 of revenue was recognized at June 30, 2024 and \$14,025 has not yet been recognized as revenue.

**Contracted Service Fee Payable** — Contracted service fee payable represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

**The Financial Statements** – The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restriction* — Net assets which are not subject to donor imposed or governmental stipulations. Net assets in this category may be expended for any purpose in performing the primary objectives of the School.
- *Net Assets with Donor Restrictions* — Net assets subject to stipulations imposed by donors and grantors. As of June 30, 2024, no net assets are considered to be with donor restrictions.

Revenues and contributions are reported as follows:

- Revenues, gains, and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in net assets without donor restrictions. Other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or governmental

restriction. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets.

- Revenue from the state and local capitation is recognized over the period earned, regardless of the timing of related cash flows. Grants are recognized as revenue as eligibility requirements are met, the related expenses are incurred, or services performed, in accordance with terms of the respective grant or contract agreement. The School had unspent awards of \$529,870 representing federal programs such as Title I, Title II Part A, Title IV, and Education Stabilization Fund when related expenses are incurred.

**Income Taxes** — The School operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the internal revenue code.

Accordingly, no provision for federal income taxes has been made.

**Contribution of Nonfinancial Assets** – Included as revenue, gains, and other support in the Statement of Activities are contributions of nonfinancial assets also known as gifts in-kind. Contributed professional services are recognized if the services received a) create or enhance non-financial assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These services are recognized as program revenue and expense and are valued at the estimated fair market value for the services as provided by the donor. There were no contributions of nonfinancial assets during the year ended June 30, 2024.

### 3. DUE FROM GOVERNMENTAL SOURCES

Receivables as of June 30, 2024 for the School included \$38,984 in state aid receivable, \$375,835 in federal grants receivable and \$29,497 in other receivables. The School considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

### 4. LIQUIDITY

The School has \$500,523 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$56,207 and amounts due from governmental revenue sources of \$444,316 at June 30, 2024. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The School has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$3,583,000 at June 30, 2024.

While the School does not currently carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required to make contributions to the School if the School's expenditures exceed the school's revenue during the year.



## 5. FUNCTIONAL EXPENSES

The School provides educational services to its students. Expenses related to providing these services are as follows for the year ended June 30, 2024:

Program services	
Contracted service fee	\$ 17,147,671
Board expenses	<u>53,248</u>
Total program services	\$ 17,200,919
Management and general - Contracted service fee	<u>4,298,689</u>
Total	<u>\$ 21,499,608</u>

The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function and require an allocation, which is based on estimates determined by management, is consistently applied. Management and general expenses consist of expenditures incurred by the School based on their usage of management company services. Usage of management company services are calculated on a variety of different allocation methods based on various cost centers, including number of classrooms, number of students, and services provided. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different allocations.

## 6. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2024, and claims did not exceed coverage less retained risk deductible amounts in the past fiscal year.

## 7. CONTINGENCIES

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

## 8. LEASES

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2023 through June 30, 2024. Annual rental payments required by the lease were \$5,370,882 payable in twelve monthly payments of \$447,574. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

The School is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or liabilities under FASB ASU No. 2016-02, *Leases* based on the noncancellable period being less than twelve months and applicability of the short-term lease exception for the facility lease agreement.

The School subsequently renewed the sublease with NHA for the period of July 1, 2024 through June 30, 2025 at the same rental rate.

## **9. SUBSEQUENT EVENTS**

Events or transactions for the year ended June 30, 2024 have been evaluated through October 3, 2024, the date the financial statements were available to be issued. The financial statements and the notes thereto do not reflect events or transactions after this date.

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## **ADDITIONAL INFORMATION**

# RIVERTON STREET CHARTER SCHOOL

## NEW YORK STATE EDUCATION DEPARTMENT SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services			Total
	Regular Education	Special Education	Other Education	Total	Fund-raising	Management and General	Total	
Personnel Services Costs								
Administrative Staff Personnel	\$ 975,706	\$ -	\$ -	\$ 975,706	\$ -	\$ -	\$ -	\$ 975,706
Instructional Personnel	4,171,621	892,485	-	5,064,106	-	-	-	\$ 5,064,106
Non-Instructional Personnel	263,118	-	-	263,118	-	-	-	\$ 263,118
Total Salaries and Staff	5,410,445	892,485	-	6,302,930	-	-	-	\$ 6,302,930
Fringe Benefits & Payroll Taxes	986,774	256,491	-	1,243,265	-	-	-	\$ 1,243,265
Retirement	119,234	22,193	-	141,427	-	-	-	\$ 141,427
Legal Service	2,574	-	-	2,574	-	-	-	\$ 2,574
Accounting / Audit Services	-	-	-	-	-	455,511	455,511	\$ 455,511
Other Purchased / Professional / Consulting Services	1,296,572	260,105	-	1,556,677	-	1,820,643	1,820,643	\$ 3,377,320
Building and Land Rent / Lease	4,249,061	1,112,530	-	5,361,591	-	-	-	\$ 5,361,591
Repairs & Maintenance	340,111	89,051	-	429,162	-	95,589	95,589	\$ 524,751
Insurance	75,337	19,725	-	95,062	-	-	-	\$ 95,062
Utilities	187,305	49,042	-	236,347	-	-	-	\$ 236,347
Supplies / Materials	210,975	-	-	210,975	-	-	-	\$ 210,975
Equipment / Furnishings	154,921	40,563	-	195,484	-	-	-	\$ 195,484
Staff Development	132,277	513	-	132,790	-	-	-	\$ 132,790
Marketing / Recruitment	-	-	-	-	-	938,574	938,574	\$ 938,574
Technology	247,853	35,684	-	283,537	-	229,546	229,546	\$ 513,083
Food Service	805,916	-	-	805,916	-	-	-	\$ 805,916
Student Services	46,749	-	-	46,749	-	748,871	748,871	\$ 795,620
Office Expense	121,433	-	-	121,433	-	9,955	9,955	\$ 131,388
Other	35,000	-	-	35,000	-	-	-	\$ 35,000
Total Expenses	<u>\$14,422,537</u>	<u>\$ 2,778,382</u>	<u>\$ -</u>	<u>\$17,200,919</u>	<u>\$ -</u>	<u>\$ 4,298,689</u>	<u>\$ 4,298,689</u>	<u>\$ 21,499,608</u>

## **SUPPLEMENTARY INFORMATION**

# RIVERTON STREET CHARTER SCHOOL

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2024

Program Title/Project Number/Subrecipient Name	Grant/Project Number	Assistance Listing Number	Expenditures	Current Year Cash Transferred to Subrecipient
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the New York State Department of Education:				
Cash Assistance:				
National School Lunch Program 2023 - 2024		10.555	\$ 457,572	\$ -
After School Snack Program 2023 - 2024		10.555	44,134	-
Supply Chain Assistance 2023 - 2024		10.555	<u>30,814</u>	<u>-</u>
National School Lunch Program Subtotal		10.555	532,520	-
National School Breakfast Program 2023 - 2024		10.553	<u>203,796</u>	<u>-</u>
Total Child Nutrition Cluster			736,316	-
Special Education Cluster - U.S. Department of Education - Passed through the New York City School District:				
IDEA Flowthrough:				
IDEA Flowthrough 2022		84.027	20,788	-
IDEA Flowthrough 2023		84.027	(24,749)	-
IDEA Flowthrough 2024		84.027	<u>162,555</u>	<u>-</u>
Total Special Education Cluster			158,594	-
Other federal awards:				
Passed through the New York State Department of Education:				
Title I Part A Grants to Local Educational Agencies:				
Title I Part A 2022 - 2023	0021224795	84.010	(1,226)	-
Title I Part A 2023 - 2024	0021234795	84.010	<u>98,668</u>	<u>-</u>
Total Title I Part A Grants to Local Educational Agencies		84.010	97,442	-
Title II Part A - Supporting Effective Instruction to State Grants:				
Title II Part A 2022 - 2023	0147224795	84.367	5,558	-
Title IV - Student Support & Academic Enrichment Program:				
Title IV 2022 - 2023	0204234795	84.424	(671)	-
Education Stabilization Fund Program - U.S. Department of Education Passed through New York State Department of Education				
COVID-19 ESSER Formula Fund II	5891214795	84.425D	119,863	-
COVID-19 ESSER Formula Fund III	5880214795	84.425U	<u>428,911</u>	<u>-</u>
Total Education Stabilization Fund Program		84.425	<u>548,774</u>	<u>-</u>
Total noncluster programs passed through the New York State Department of Education			<u>651,103</u>	<u>-</u>
Total federal awards			<u>\$ 1,546,013</u>	<u>\$ -</u>

# RIVERTON STREET CHARTER SCHOOL

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## Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Riverton Street Charter School (the "School") under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The School has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### Note 3 - Grant Auditor Report

Management has utilized the Federal/State Grant Payments – End of Year Report as published by the New York State Education Department in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

# RIVERTON STREET CHARTER SCHOOL

## Schedule of Findings and Questioned Costs Year Ended June 30, 2024

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

• Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  None reported

#### Federal Awards

Internal control over major programs:

• Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

• Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? \_\_\_\_\_ Yes  X  No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
10.553, 10.555	Child Nutrition Cluster	Unmodified

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

\$750,000

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

### Section II - Financial Statement Audit Findings

Current Year None

### Section III - Federal Program Audit Findings

Current Year None