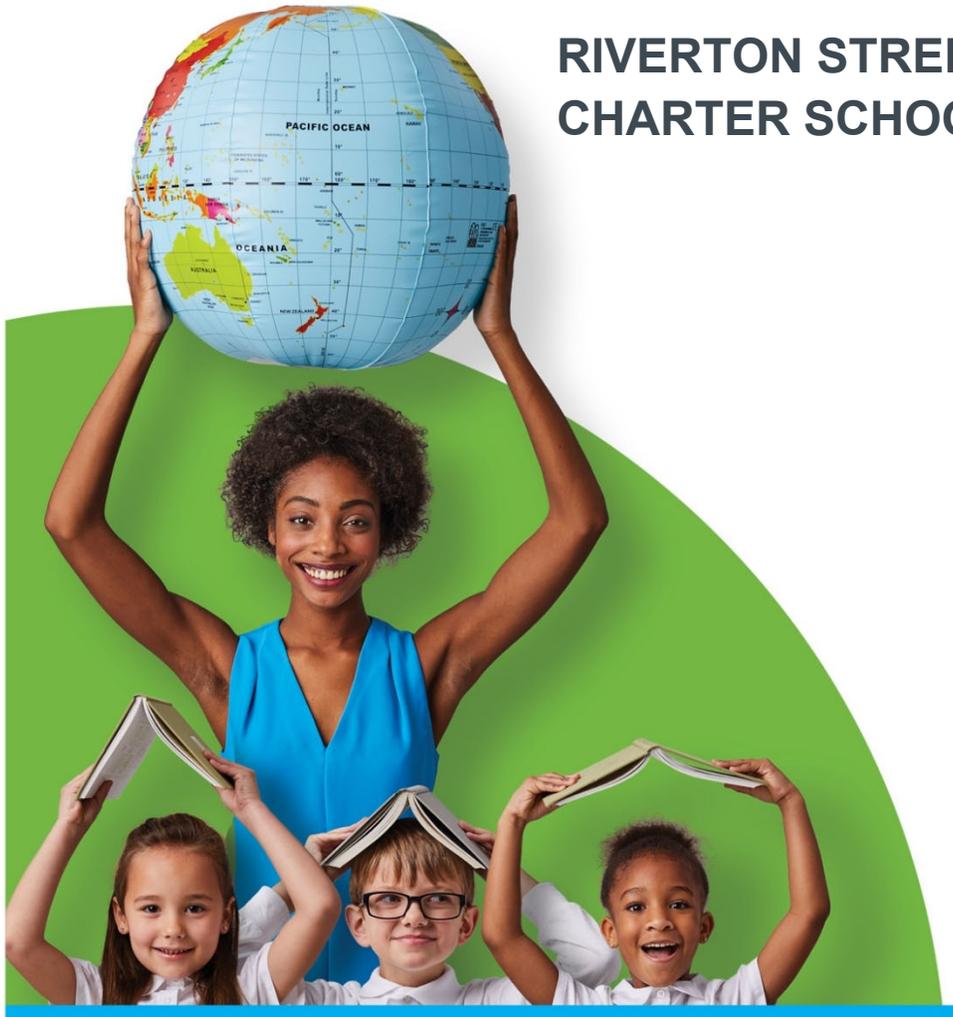


RIVERTON STREET CHARTER SCHOOL



Financial Statements, Additional
Information, and Federal Awards
Supplemental Information as of and for the
Year Ended June 30, 2020, and
Independent Auditor's Reports

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RIVERTON STREET CHARTER SCHOOL

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2020:	
Statement of Financial Position	3
Statement of Activities and Change in Net Assets without Donor Restriction	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
ADDITIONAL INFORMATION —	11
New York State Education Department Schedule of Functional Expenses	12
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>	13-14
SUPPLEMENTAL INFORMATION –	15
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	16-17
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Expenditures of Federal Awards	19
Schedule of Findings and Questioned Costs	20

Independent Auditor's Report

To the Board of Trustees
Riverton Street Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Riverton Street Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and change in net assets and statement of 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. 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 Riverton Street Charter School as of June 30, 2020 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Riverton Street Charter School

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Riverton Street Charter School's financial statements. The schedule of expenditures of federal awards, as identified in the table of contents, and as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and supplemental New York Education Department schedule of functional expenses, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards 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. Such 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.

The supplemental New York Education Department schedule of functional expenses has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020 on our consideration of Riverton Street Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Riverton Street Charter School's internal control over financial reporting and compliance.



October 22, 2020

RIVERTON STREET CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION JUNE 30, 2020

ASSETS

CURRENT ASSETS:

Cash	\$	52,770
Prepaid expenses		24,930
Due from governmental revenue sources		<u>548,271</u>

Total current assets 625,971

NON-CURRENT ASSETS:

Capital assets, net		6,850
Restricted cash		<u>77,266</u>

Total non-current assets 84,116

TOTAL \$ 710,087

LIABILITIES AND NET ASSETS

LIABILITIES - Contracted service fee payable 650,481

NET ASSETS - Net assets without donor restriction 59,606

TOTAL \$ 710,087

See notes to financial statements.

RIVERTON STREET CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2020

REVENUES, GAINS AND OTHER SUPPORT:

Public school district:

Resident student enrollment	\$ 15,883,609
Student with disabilities	1,403,450

Grants, contracts, and other:

State and local	197,000
Federal - Title and IDEA	449,025
Other	50,720
Child nutrition program - Federal	314,893
Child nutrition program - State	<u>11,530</u>

Total revenues, gains and other support 18,310,227

EXPENSES:

Contracted service fee:

Program Services	14,819,263
Management and General	3,455,963
Board expenses	22,885
Depreciation	<u>4,160</u>

Total expenses 18,302,271

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION 7,956

NET ASSETS:

Beginning of year	<u>51,650</u>
End of year	<u>\$ 59,606</u>

See notes to financial statements.

RIVERTON STREET CHARTER SCHOOL

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2020

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
State aid	\$ 17,037,233
Other state sources	271,954
Federal sources	785,474
Private sources	35,690
Payments for services rendered	<u>(18,117,623)</u>
Net cash and restricted cash provided by operating activities	12,728
NET INCREASE IN CASH AND RESTRICTED CASH	12,728
CASH AND RESTRICTED CASH — Beginning of year	<u>117,308</u>
CASH AND RESTRICTED CASH — End of year	<u>\$ 130,036</u>

See notes to financial statements.

RIVERTON STREET CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2024 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 state revenue is recognized ratably over the school year and was funded through payments from July 2019 through May 2020 for the year ended June 30, 2020.

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 allocates to the School 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 of the School are 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, 2020 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, 2020, \$77,266 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.

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.

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 \$2,000 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.

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.

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 is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

Recent Accounting Pronouncements — In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the Statement of Activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the Statements of Activities and Cash Flows will be general consistent with the current guidance. The new lease guidance will be effective for the School's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined, but is expected to have minimal impact when adopted.

Adoption of Accounting Pronouncement — In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance is effective as of July 1, 2019 and was applied on a modified prospective basis. The School noted the standard did not have a significant impact on the timing of revenue recognition for government and individual grants and contracts.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-18, *Restricted Cash*. As of July 1, 2019, the School adopted new guidance related to the presentation of restricted cash on the Statement of Cash Flows. Under the new guidance, transfers between restricted cash and unrestricted cash are no longer presented on the statement of cash flows. Additionally, the beginning and ending balance of cash, cash equivalents, and restricted cash on the statement of cash flow now include restricted cash balances.

3. LIQUIDITY

The School has \$601,041 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$52,770 and amounts due from governmental revenue sources of \$548,271 at June 30, 2020. 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 \$3,050,000 at June 30, 2020.

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 make contributions to the School if the School's expenditures exceed the school's revenue during the year.

4. 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, 2020:

Program services	
Contracted service fee	\$ 14,819,263
Board expenses	22,885
Depreciation	<u>4,160</u>
Total program services	14,846,308
Management and general	
Contracted service fee	<u>3,455,963</u>
Total	<u><u>\$ 18,302,271</u></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 on a reasonable basis that 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.

5. 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 2020, and claims did not exceed coverage less retained risk deductible amounts in the past fiscal year.

6. 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.

7. CAPITAL ASSETS

Capital asset activity of the school was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment	\$ 41,593	\$ -	\$ -	\$ 41,593
Less accumulated depreciation — equipment	<u>30,583</u>	<u>4,160</u>	<u>-</u>	<u>34,743</u>
Total capital asset activity, net	<u>\$ 11,010</u>	<u>\$ (4,160)</u>	<u>\$ -</u>	<u>\$ 6,850</u>

8. OPERATING LEASE

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2019 through June 30, 2020. Annual rental payments required by the lease were \$4,568,808 payable in twelve monthly payments of \$380,734. 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.

9. CORONAVIRUS

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. The impact of COVID-19 will require the School to carefully monitor its budget for fiscal year 2020-2021. It will also be necessary to monitor decisions made at the federal and state level pertaining to financial resources as those decisions will directly impact the School's budget. As information becomes known by the School, the budget will be reviewed and adjusted, as needed, to ensure adequate resources are available.

10. SUBSEQUENT EVENTS

Events or transactions for the year ended June 30, 2020 have been evaluated through October 22, 2020, 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.

* * * * *

ADDITIONAL INFORMATION

RIVERTON STREET CHARTER SCHOOL

**NEW YORK STATE EDUCATION DEPARTMENT SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	No. of Positions	Program Services				Supporting Services			
		Regular	Special	Other	Total	Fund-raising	Management and General	Total	Total
		Education	Education	Education					
Personnel Services Costs									
Administrative Staff Personnel	-	\$ 759,354	\$ -	\$ -	\$ 759,354	\$ -	\$ -	\$ -	\$ 759,354
Instructional Personnel	-	4,241,152	995,696	-	5,236,848	-	-	-	5,236,848
Non-Instructional Personnel	-	172,287	-	-	172,287	-	-	-	172,287
Total Salaries and Staff	-	5,172,793	995,696	-	6,168,489	-	-	-	6,168,489
Fringe Benefits & Payroll Taxes		1,124,649	196,823	-	1,321,472	-	-	-	1,321,472
Retirement		99,444	21,833	-	121,277	-	-	-	121,277
Management Company Fees		-	-	-	-	-	-	-	-
Legal Service		5,460	-	-	5,460	-	-	-	5,460
Accounting / Audit Services		12,084	-	-	12,084	-	321,921	321,921	334,005
Other Purchased / Professional / Consulting Services		508,666	256,590	-	765,256	-	918,782	918,782	1,684,038
Building and Land Rent / Lease		4,480,642	-	-	4,480,642	-	-	-	4,480,642
Repairs & Maintenance		534,328	-	-	534,328	-	59,496	59,496	593,824
Insurance		50,793	-	-	50,793	-	-	-	50,793
Utilities		201,253	-	-	201,253	-	-	-	201,253
Supplies / Materials		222,237	199	-	222,436	-	-	-	222,436
Equipment / Furnishings		194,059	-	-	194,059	-	-	-	194,059
Staff Development		70,061	-	-	70,061	-	122,581	122,581	192,642
Marketing / Recruitment		6,155	-	-	6,155	-	604,510	604,510	610,665
Technology		82,955	-	-	82,955	-	525,427	525,427	608,382
Food Service		489,666	-	-	489,666	-	-	-	489,666
Student Services		13,467	-	-	13,467	-	133,266	133,266	146,733
Office Expense		67,295	-	-	67,295	-	11,917	11,917	79,212
Depreciation		4,160	-	-	4,160	-	-	-	4,160
Other		35,000	-	-	35,000	-	758,063	758,063	793,063
Total Expenses		<u>\$13,375,167</u>	<u>\$ 1,471,141</u>	<u>\$ -</u>	<u>\$14,846,308</u>	<u>\$ -</u>	<u>\$ 3,455,963</u>	<u>\$ 3,455,963</u>	<u>\$ 18,302,271</u>

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*

Independent Auditor's Report

To Management and the Board of Trustees
Riverton Street Charter School

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 Riverton Street Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020 and the related statement of activities and change in net assets and statement of cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated October 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverton Street Charter 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 School'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.

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.

To Management and the Board of Trustees
Riverton Street Charter School

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverton Street Charter 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.

Alante Morse, PC

October 22, 2020

SUPPLEMENTAL INFORMATION

Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Riverton Street Charter School

Report on Compliance for Each Major Federal Program

We have audited Riverton Street Charter School's (the "School") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2020. Riverton Street Charter School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Riverton Street Charter School's major federal programs 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "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 Riverton Street Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Riverton Street 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.

To the Board of Trustees
Riverton Street Charter School

Report on Internal Control Over Compliance

Management of Riverton Street Charter 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 Riverton Street Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

Plante Moran, PC

October 22, 2020

RIVERTON STREET CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA 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 2018-19	191960	10.555	\$ 5,824	\$ -
National School Lunch Program 2019-20	201960	10.555	176,824	-
National School Snacks Program 2019-20	NA	10.555	11,709	-
National School Seamless Summer Program 2019-20	NA	10.555	33,345	-
National School Lunch Program Subtotal		10.555	<u>227,702</u>	<u>-</u>
National School Breakfast Program 2018-19	191970	10.553	1,079	-
National School Breakfast Program 2019-20	201970	10.553	86,112	-
National School Breakfast Program Subtotal		10.553	<u>87,191</u>	<u>-</u>
Total Child Nutrition Cluster			314,893	-
Special Education Cluster - U.S. Department of Education - Passed through the New York City Department of Education:				
IDEA Flowthrough:				
IDEA Flowthrough 1920	N/A	84.027	105,880	-
Total Special Education Cluster			105,880	-
Other federal awards:				
Passed through the New York State Department of Education:				
Title I Part A:				
Title I Part A 1819	0021194795	84.010	20,274	-
Title I Part A 1920	0021204795	84.010	272,669	-
Total Title I Part A		84.010	292,943	-
Title II Part A - Improving Teacher Quality:				
Title II Part A 1819	0147194795	84.367	593	-
Title II Part A 1920	0147204795	84.367	13,165	-
Total Title II Part A		84.367	13,758	-
Title IV - SSAE:				
Title IV SSAE 1920	0204204795	84.424	36,444	-
Total noncluster programs passed through the New York State Department of Education			<u>343,145</u>	<u>-</u>
Total federal awards			<u>\$ 763,918</u>	<u>\$ -</u>

RIVERTON STREET CHARTER SCHOOL

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

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, 2020. 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 position, 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. 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. Pass-through entity identifying numbers are presented where available.

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.

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

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

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 No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes 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 No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

Reference Number	Finding	Questioned Costs
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Current Year None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
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Current Year None