

Renaissance Charter High School for Innovation

Independent Auditor's Report and Financial Statements

June 30, 2020 and 2019



Renaissance Charter High School for Innovation

June 30, 2020 and 2019

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Independent Auditor's Report

Board of Trustees
Renaissance Charter High School for Innovation
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Renaissance Charter High School for Innovation, 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.

Auditor's 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 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 Renaissance Charter High School for Innovation 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

As described in *Note 2* to the financial statements, in 2020, Renaissance Charter High School for Innovation adopted Accounting Standards Updated (ASU) 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information within the statements of functional expenses 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 audits 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, on our consideration of Renaissance Charter High School for Innovation'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 Renaissance Charter High School for Innovation's 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 Renaissance Charter High School for Innovation's internal control over financial reporting and compliance.

BKD, LLP

New York, New York
October 23, 2020

Renaissance Charter High School for Innovation
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,035,268	\$ 1,447,856
Grants and contracts receivable	285,264	161,201
Prepaid expenses and other current assets	19,882	60,405
Total current assets	2,340,414	1,669,462
Property and equipment, net	133,424	203,823
Cash reserves	70,913	70,771
Operating reserves – board-designated cash	2,059,137	2,041,728
Total assets	\$ 4,603,888	\$ 3,985,784
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 96,704	\$ 47,390
Accrued salaries and related liabilities	480,370	391,690
Deferred revenue	-	11,603
Total current liabilities	577,074	450,683
Net Assets		
Without donor restrictions		
Operating	1,949,177	1,493,373
Designated by the board for operating reserve	2,059,137	2,041,728
Total net assets without donor restrictions	4,008,314	3,535,101
With donor restrictions	18,500	-
Total net assets	4,026,814	3,535,101
Total liabilities and net assets	\$ 4,603,888	\$ 3,985,784

Renaissance Charter High School for Innovation
Statements of Activities
Years Ended June 30, 2020 and 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions
Revenues and Other Support				
Per-pupil operating revenue – resident student enrollment	\$ 6,486,857	\$ -	\$ 6,486,857	\$ 6,552,702
Per-pupil operating revenue – students with disabilities	2,003,305	-	2,003,305	2,065,723
Total state and local per-pupil operating revenues	8,490,162	-	8,490,162	8,618,425
			-	
Government grants and contracts – federal	384,136	-	384,136	397,309
Government grants and contracts – state	112,811	-	112,811	240,909
In-kind contributions	2,018,261	-	2,018,261	2,020,684
Interest	21,082	-	21,082	24,046
Contributions and other revenue	5,105	18,500	23,605	2,249
Total revenues and other support	11,031,557	18,500	11,050,057	11,303,622
Expenses				
Program services				
General education	6,442,023	-	6,442,023	7,793,624
Special education	2,676,884	-	2,676,884	2,155,949
Total program services	9,118,907	-	9,118,907	9,949,573
Supporting services				
Management and general	1,433,087	-	1,433,087	1,509,725
Fundraising	6,350	-	6,350	6,247
Total supporting services	1,439,437	-	1,439,437	1,515,972
Total expenses	10,558,344	-	10,558,344	11,465,545
Change in Net Assets	473,213	18,500	491,713	(161,923)
Net Assets Without Donor Restrictions, Beginning of Year	3,535,101	-	3,535,101	3,697,024
Net Assets Without Donor Restrictions, End of Year	\$ 4,008,314	\$ 18,500	\$ 4,026,814	\$ 3,535,101

Renaissance Charter High School for Innovation
Statements of Functional Expenses
Years Ended June 30, 2020 and 2019

	2020							
	No. of Positions*	Program Services			Supporting Services			Total
		General Education	Special Education	Total	Management and General	Fundraising	Total	
Personnel Service Costs								
Instructional personnel	51	\$ 3,244,529	\$ 1,070,930	\$ 4,315,459	\$ -	\$ -	\$ -	\$ 4,315,459
Non-instructional personnel	2	-	-	-	101,560	-	101,560	101,560
Administrative personnel	17	578,156	508,208	1,086,364	657,710	5,166	662,876	1,749,240
Total salaries and staff	<u>70</u>	<u>3,822,685</u>	<u>1,579,138</u>	<u>5,401,823</u>	<u>759,270</u>	<u>5,166</u>	<u>764,436</u>	<u>6,166,259</u>
Payroll taxes and employee benefits		775,361	320,299	1,095,660	154,004	1,048	155,052	1,250,712
Retirement expense		100,544	41,534	142,078	19,970	136	20,106	162,184
Legal fees		-	-	-	54,930	-	54,930	54,930
Audit fees		-	-	-	32,896	-	32,896	32,896
Professional fees		159,377	70,448	229,825	107,540	-	107,540	337,365
Curriculum and classroom		70,531	35,329	105,860	-	-	-	105,860
Student services		54,157	27,128	81,285	-	-	-	81,285
Staff development		33,375	13,787	47,162	6,674	-	6,674	53,836
Travel/conferences		4,511	1,863	6,374	902	-	902	7,276
Office expense		8,095	3,344	11,439	13,321	-	13,321	24,760
Postage, printing and copying		7,708	3,184	10,892	1,541	-	1,541	12,433
Insurance		35,788	14,784	50,572	7,157	-	7,157	57,729
Marketing and recruiting		27,532	11,522	39,054	5,571	-	5,571	44,625
Information technology		44,765	18,492	63,257	8,952	-	8,952	72,209
Non-capitalized equipment and furnishings		11,060	4,569	15,629	2,212	-	2,212	17,841
Equipment rental		11,338	4,684	16,022	2,267	-	2,267	18,289
Repairs and maintenance		4,251	1,756	6,007	1,725	-	1,725	7,732
In-kind rent		1,206,430	498,372	1,704,802	241,254	-	241,254	1,946,056
Depreciation and amortization		64,515	26,651	91,166	12,901	-	12,901	104,067
Total expenses		<u>\$ 6,442,023</u>	<u>\$ 2,676,884</u>	<u>\$ 9,118,907</u>	<u>\$ 1,433,087</u>	<u>\$ 6,350</u>	<u>\$ 1,439,437</u>	<u>\$10,558,344</u>

* Supplementary information

Renaissance Charter High School for Innovation
Statements of Functional Expenses (Continued)
Years Ended June 30, 2020 and 2019

	2019							
	No. of Positions*	Program Services			Supporting Services			Total
		General Education	Special Education	Total	Management and General	Fundraising	Total	
Personnel Service Costs								
Instructional personnel	61	\$ 4,059,983	\$ 795,438	\$ 4,855,421	\$ -	\$ -	\$ -	\$ 4,855,421
Non-instructional personnel	2	-	-	-	91,262	-	91,262	91,262
Administrative personnel	19	649,470	482,357	1,131,827	753,098	5,020	758,118	1,889,945
Total salaries and staff	82	4,709,453	1,277,795	5,987,248	844,360	5,020	849,380	6,836,628
Payroll taxes and employee benefits		995,611	270,135	1,265,746	178,504	1,061	179,565	1,445,311
Retirement expense		155,769	42,264	198,033	27,928	166	28,094	226,127
Legal fees		-	-	-	47,832	-	47,832	47,832
Audit fees		-	-	-	1,000	-	1,000	1,000
Professional fees		75,044	24,603	99,647	101,049	-	101,049	200,696
Curriculum and classroom		78,233	36,090	114,323	-	-	-	114,323
Student services		111,901	51,622	163,523	-	-	-	163,523
Staff development		34,682	9,410	44,092	6,255	-	6,255	50,347
Travel/conferences		3,565	967	4,532	643	-	643	5,175
Office expense		16,442	4,461	20,903	12,177	-	12,177	33,080
Postage, printing and copying		8,534	2,315	10,849	1,539	-	1,539	12,388
Insurance		37,746	10,241	47,987	6,808	-	6,808	54,795
Marketing and recruiting		18,214	5,917	24,131	2,360	-	2,360	26,491
Information technology		81,324	22,065	103,389	14,667	-	14,667	118,056
Non-capitalized equipment and furnishings		4,040	1,096	5,136	729	-	729	5,865
Equipment rental		11,282	3,061	14,343	2,035	-	2,035	16,378
Repairs and maintenance		5,236	1,421	6,657	944	-	944	7,601
In-kind rent		1,356,263	367,989	1,724,252	244,611	-	244,611	1,968,863
Depreciation and amortization		90,285	24,497	114,782	16,284	-	16,284	131,066
Total expenses		\$ 7,793,624	\$ 2,155,949	\$ 9,949,573	\$ 1,509,725	\$ 6,247	\$ 1,515,972	\$11,465,545

* Supplementary information

Renaissance Charter High School for Innovation

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 491,713	\$ (161,923)
Items not requiring operating cash flows		
Depreciation and amortization	104,067	131,066
Loss on disposal of property and equipment	875	-
Changes in		
Grants and contracts receivable	(124,063)	231,301
Prepaid expenses and other current assets	40,523	8,617
Accounts payable and accrued expenses	49,314	(133,505)
Accrued salaries and related liabilities	88,680	(96,789)
Deferred revenue	(11,603)	11,603
	<u>639,506</u>	<u>(9,630)</u>
Net cash provided by (used in) operating activities		
	<u>639,506</u>	<u>(9,630)</u>
Investing Activities		
Purchase of property and equipment	(34,543)	(48,077)
	<u>(34,543)</u>	<u>(48,077)</u>
Net cash used in investing activities		
	<u>(34,543)</u>	<u>(48,077)</u>
Change in Cash and Cash Equivalents and Restricted Cash	604,963	(57,707)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>3,560,355</u>	<u>3,618,062</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$ 4,165,318</u>	<u>\$ 3,560,355</u>
Cash and Cash Equivalents and Restricted Cash Consist of:		
Cash and cash equivalents	\$ 2,035,268	\$ 1,447,856
Cash reserves	70,913	70,771
Operating reserves – board-designated cash	2,059,137	2,041,728
	<u>\$ 4,165,318</u>	<u>\$ 3,560,355</u>

Renaissance Charter High School for Innovation

Notes to Financial Statements

June 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Renaissance Charter High School for Innovation (the School) is an educational corporation that operates as a charter school in the Borough of Manhattan, New York City. On December 15, 2009, the Board of Regents and the Board of Trustees of the University of the State of New York, for and on behalf of the State Education Department, granted the School a charter to operate grades 9-12. On March 12, 2018, the School's charter was renewed by the New York State Board of Regents through June 30, 2021. The School's mission is to develop leadership through innovation. Student innovators achieve academic excellence by setting self-created goals within a three-tiered educational model of core classroom instruction, portfolio-based annual individual projects, and hands-on, experimental learning. During fiscal years 2020 and 2019, the School operated classes for 402 and 429 full-time equivalent general instruction students, of which 134 and 123 were special education students, respectively. The School is supported primarily by state and local per-pupil revenues.

Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents and Restricted Cash

The School considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market accounts.

Board designated operating reserves and deposit accounts restricted externally by regulators are considered to be restricted cash.

At June 30, 2020, the School's cash accounts exceeded federally insured limits by approximately \$3,900,000.

Cash Reserves

The School maintains cash in an escrow account, pursuant to its Charter Agreement, to pay off expenses in the event of dissolution of the School.

Renaissance Charter High School for Innovation

Notes to Financial Statements

June 30, 2020 and 2019

Grants and Contracts Receivable

Revenues from government grants and contracts to which the School is entitled are recognized mostly on student enrollment. Some grants are provided for specific educational endeavors, which are not based on student enrollment, and are recorded when related expenditures are incurred by the School. Receivables are recorded when the revenue is earned. Bad debt is charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2020, and 2019, the School had no allowance for doubtful accounts.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture and fixtures	5 - 10 years
Equipment	3 - 5 years
Leasehold improvements	10 years
Website development	5 years

Long-Lived Asset Impairment

The School evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2020 and 2019.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor or grantor restrictions, net assets for an operating reserve.

Renaissance Charter High School for Innovation

Notes to Financial Statements

June 30, 2020 and 2019

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

State and Local Per-Pupil Revenue

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled are recorded when services are performed in accordance with the charter agreement.

Contributions

Contributions are provided to the School either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the School overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Renaissance Charter High School for Innovation

Notes to Financial Statements

June 30, 2020 and 2019

In-Kind Contributions

The School receives in-kind contributions of free and reduced-price lunches directly to a majority of the students and in-kind rent from The New York City Department of Education (NYCDOE). It is the policy of the School to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contribution revenue by the same amount.

The School has been provided space in a building owned by NYCDOE at no charge to the School. The space is provided to the School in a building utilization plan provided by NYCDOE. The plan provides approximately 19,755 square feet or 49 percent of the building's educational space to the School. An additional allocation of approximately 4,400 square feet of the facility's shared auditorium and cafeteria space has been calculated based on the School's share of the facility enrollment target. For schools that rent outside space, NYCDOE reimburses them up to 30 percent of their general education funding to cover rental expenses. Based on this, in-kind rent of \$1,946,057 and \$1,968,863 is being recorded in the financial statements for the years ended June 30, 2020 and 2019, respectively.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services consisted of:

	<u>2020</u>	<u>2019</u>
Pro bono legal services for management and general activities	<u>\$ 54,930</u>	<u>\$ 47,590</u>

Government Grants

Support funded by grants is recognized as the School meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the School is subject to federal income tax on any unrelated business taxable income.

The School files tax returns in the U.S. federal jurisdiction.

Renaissance Charter High School for Innovation

Notes to Financial Statements

June 30, 2020 and 2019

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program services, management and general and fundraising categories based on actual expenditures and cost allocations estimated by the School's personnel.

Note 2: Change in Accounting Principle

ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash

During 2020, the School adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The new accounting guidance in ASU 2016-18 requires balances generally described as restricted cash or restricted cash equivalents to be included with cash and cash equivalents when reconciling beginning and end-of-period balances on the statements of cash flows.

This change was applied retrospectively to all periods presented which resulted in the following changes within the 2019 statement of cash flows:

	<u>As Originally Reported</u>	<u>As Reported Under ASU 2016-18</u>	<u>Effect of Change</u>
Investing Activities			
Cash reserves	\$ (141)	\$ -	\$ 141
Operating reserves – board-designated cash	(23,605)	-	23,605
Net cash used in investing activities	(71,823)	(48,077)	23,746
Change in Cash and Cash Equivalents and Restricted Cash	(81,453)	(57,707)	23,746
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	1,529,309	3,618,062	2,088,753
Cash and Cash Equivalents and Restricted Cash, End of Year	1,447,856	3,560,355	2,112,499

Note 3: Property and Equipment

Property and equipment at June 30, 2020 and 2019 consists of:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 149,079	\$ 235,450
Equipment	768,624	773,952
Leasehold improvements	65,244	65,244
Website development	114,525	114,525
	<u>1,097,472</u>	<u>1,189,171</u>
Less accumulated depreciation and amortization	<u>(964,048)</u>	<u>(985,348)</u>
	<u>\$ 133,424</u>	<u>\$ 203,823</u>

Renaissance Charter High School for Innovation
Notes to Financial Statements
June 30, 2020 and 2019

Note 4: Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes or periods:

	2020	2019
Subject to expenditure for specific purpose		
Student and staff support	\$ 3,500	\$ -
Earth watch program	15,000	-
	\$ 18,500	\$ -

Note 5: Contingencies and Concentrations

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

A significant portion of the School's revenue is paid by NYCDOE.

Note 6: Defined Contribution Pension Plan

The School has a 401(k) defined contribution retirement plan covering substantially all employees. The School provides a matching contribution of up to 5 percent of employee contributions. Pension expense was \$162,184 and \$226,127 for the years ended June 30, 2020 and 2019, respectively.

Renaissance Charter High School for Innovation

Notes to Financial Statements

June 30, 2020 and 2019

Note 7: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 2,035,268	\$ 1,447,856
Grants and contracts receivable	285,264	161,201
Operating reserves – board-designated cash	<u>2,059,137</u>	<u>2,041,728</u>
Total financial assets	4,379,669	3,650,785
Donor imposed restrictions		
Donor restricted funds	18,500	-
Internal designations		
Operating reserves – board-designated cash	<u>2,059,137</u>	<u>2,041,728</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,302,032</u>	<u>\$ 1,609,057</u>

The financial assets of the School without donor restrictions or restricted by state laws are available for general expenditures. As part of liquidity management, the School invests cash in excess of daily requirements in cash and cash equivalents. Although the School does not intend to spend from its net assets other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation, amounts could be made available if necessary. During the years ended June 30, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

Note 8: Subsequent Events

Subsequent events have been evaluated through October 23, 2020, which is the date the financial statements were available to be issued.

**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

Board of Trustees
Renaissance Charter High School for Innovation
New York, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Renaissance Charter High School for Innovation, 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 October 23, 2020. Our report contained an "Emphasis of Matter" paragraph regarding a change in accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Renaissance Charter High School for Innovation'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 Renaissance Charter High School for Innovation's internal control. Accordingly, we do not express an opinion on the effectiveness of Renaissance Charter High School for Innovation'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.

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 Renaissance Charter High School for Innovation'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.

BKD, LLP

New York, New York
October 23, 2020

Renaissance Charter High School for Innovation
Schedule of Findings and Responses
Year Ended June 30, 2020

Findings Required to be Reported by *Government Auditing Standards*

No matters are reportable.