



Audited Financial Statements In Accordance
With Government Auditing Standards

June 30, 2020

THE RENAISSANCE CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Renaissance Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of The Renaissance Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

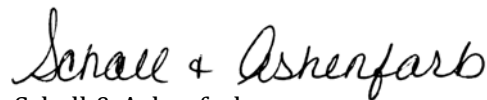
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Renaissance Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally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

Report on Summarized Comparative Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the School'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 the School's internal control over financial reporting and compliance.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 27, 2020

THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2020
(With comparative totals at June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Assets		
Current assets:		
Cash and cash equivalents	\$1,611,151	\$167,918
Government grants receivable	402,172	401,285
Grants receivable - New York City (Note 3)	4,051	23,029
Other receivables (Note 4)	12,732	85,517
Prepaid expenses and other assets	23,635	9,075
Total current assets	<u>2,053,741</u>	<u>686,824</u>
Noncurrent assets:		
Restricted cash (Note 5)	70,053	70,118
Fixed assets, net (Note 6)	116,759	137,671
Total assets	<u><u>\$2,240,553</u></u>	<u><u>\$894,613</u></u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$32,474	\$159,764
Accrued payroll and benefits	2,291,064	2,136,795
Paycheck Protection Program loan (Note 7)	1,903,167	0
Deferred revenue	11,677	0
Total current liabilities	<u>4,238,382</u>	<u>2,296,559</u>
Noncurrent liabilities:		
Other liabilities - long term portion	500,000	1,000,000
Total liabilities	<u>4,738,382</u>	<u>3,296,559</u>
Net assets:		
Without donor restrictions	(2,534,766)	(2,406,635)
With donor restrictions (Note 8)	36,937	4,689
Total net assets	<u>(2,497,829)</u>	<u>(2,401,946)</u>
Total liabilities and net assets	<u><u>\$2,240,553</u></u>	<u><u>\$894,613</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/20	Total 6/30/19
Public support and revenue:				
Public school district:				
Revenue - resident student enrollment	\$9,574,011		\$9,574,011	\$8,524,392
Revenue - students with special education services	1,257,601		1,257,601	1,195,191
Total public school district revenue	<u>10,831,612</u>	<u>0</u>	<u>10,831,612</u>	<u>9,719,583</u>
Federal grants	266,072		266,072	462,282
State and city grants	472,303		472,303	1,176,731
Food program grants	251,848		251,848	350,557
Contributions and other operating income	18,456	42,300	60,756	102,480
Net assets released from restriction	10,052	(10,052)	0	0
Total public support and revenue	<u>11,850,343</u>	<u>32,248</u>	<u>11,882,591</u>	<u>11,811,633</u>
Expenses:				
Program services:				
Regular education	8,489,696		8,489,696	8,237,253
Special education	1,522,665		1,522,665	1,559,266
Pre-kindergarten	266,864		266,864	242,734
Food program	534,705		534,705	569,025
Total program services	<u>10,813,930</u>	<u>0</u>	<u>10,813,930</u>	<u>10,608,278</u>
Supporting services:				
Management and general	1,041,871		1,041,871	1,105,038
Fundraising	122,673		122,673	129,105
Total supporting services	<u>1,164,544</u>	<u>0</u>	<u>1,164,544</u>	<u>1,234,143</u>
Total expenses	<u>11,978,474</u>	<u>0</u>	<u>11,978,474</u>	<u>11,842,421</u>
Change in net assets	(128,131)	32,248	(95,883)	(30,788)
Net assets - beginning of year	<u>(2,406,635)</u>	<u>4,689</u>	<u>(2,401,946)</u>	<u>(2,371,158)</u>
Net assets - end of year	<u>(\$2,534,766)</u>	<u>\$36,937</u>	<u>(\$2,497,829)</u>	<u>(\$2,401,946)</u>

The attached notes and auditor's report are an integral part of these financial statements.

THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Program Services				Supporting Services			Total Expenses 6/30/20	Total Expenses 6/30/19	
	Regular Education	Special Education	Pre-Kindergarten	Food Program	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$5,230,909	\$930,307	\$165,884	\$190,179	\$6,517,279	\$551,491	\$78,481	\$629,972	\$7,147,251	\$6,877,865
Employee benefits and payroll taxes	1,490,410	265,066	47,263	54,185	1,856,924	157,137	22,361	179,498	2,036,422	1,941,463
Pension contributions	1,245,802	221,563	39,507	45,294	1,552,166	131,344	18,692	150,036	1,702,202	1,666,368
Total personnel costs	7,967,121	1,416,936	252,654	289,658	9,926,369	839,972	119,534	959,506	10,885,875	10,485,696
Professional fees	73,397	13,054		55,611	142,062	166,110		166,110	308,172	386,524
Repairs and maintenance	12,894	2,293	409	469	16,065	1,360	193	1,553	17,618	18,690
Curriculum and classroom expenses	239,733	55,425	7,567		302,725			0	302,725	411,914
Professional development	10,455	1,860	332	380	13,027	1,102	156	1,258	14,285	13,825
Equipment and furnishings	27,831	4,949	882	1,011	34,673	2,935	418	3,353	38,026	28,860
Office expenses	14,035	2,497	446	511	17,489	6,742	210	6,952	24,441	35,331
Food services				181,819	181,819			0	181,819	232,285
Technology	56,017	9,962	1,776	2,038	69,793	5,909	839	6,748	76,541	76,176
Marketing and recruitment					0	1,438		1,438	1,438	1,228
Insurance	46,811	8,326	1,485	1,703	58,325	11,937	702	12,639	70,964	65,900
Bad debt expense					0			0	0	28,820
Depreciation	41,402	7,363	1,313	1,505	51,583	4,366	621	4,987	56,570	57,172
Total other than personnel costs	522,575	105,729	14,210	245,047	887,561	201,899	3,139	205,038	1,092,599	1,356,725
Total expenses	\$8,489,696	\$1,522,665	\$266,864	\$534,705	\$10,813,930	\$1,041,871	\$122,673	\$1,164,544	\$11,978,474	\$11,842,421

The attached notes and auditor's report are an integral part of these financial statements.

THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	6/30/20	6/30/19 *
Cash flows from operating activities:		
Change in net assets	(\$95,883)	(\$30,788)
Adjustments to reconcile changes in net assets to net cash provided by/(used for) operating activities:		
Depreciation	56,570	57,172
Changes in assets and liabilities:		
Government grants receivable	(887)	672,538
Grants receivable - New York City	18,978	3,498
Other receivables	72,785	(36,356)
Prepaid expenses and other assets	(14,560)	929
Accounts payable	(127,290)	(100,462)
Accrued payroll and benefits	154,269	(17,588)
Paycheck Protection Program loan	1,903,167	0
Deferred revenue	11,677	0
Other liabilities - long term portion	(500,000)	(600,000)
Total adjustments	1,574,709	(20,269)
Net cash provided by/(used for) operating activities	1,478,826	(51,057)
Cash flows from investing activities:		
Purchase of furniture and equipment	(35,658)	(4,513)
Net cash used for investing activities	(35,658)	(4,513)
Net increase/(decrease) in cash and cash equivalents	1,443,168	(55,570)
Cash and cash equivalents - beginning of year	238,036	293,606
Cash and cash equivalents - end of year	\$1,681,204	\$238,036
Supplemental disclosures:		
Reconciliation of cash and restricted cash to statement of financial position:		
Cash and cash equivalents	\$1,611,151	167,918
Restricted cash	\$70,053	70,118
Total	\$1,681,204	\$238,036

* Restated for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

**THE RENAISSANCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 1 - Organization and Nature of Activities

The Renaissance Charter School (the "School") is a PK-12 public charter school located in Jackson Heights, Queens, New York. Our mission is to foster educated, responsible young leaders who through their own personal growth will spark a renaissance in New York. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE"), and subject to certain administrative requirements. The School was originally granted its charter in May 2000 and its most recent charter renewal expires on June 30, 2024. During the year ended June 30, 2015, the School entered its first full day pre-kindergarten class.

The School has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. They have not been designated as a private foundation.

In June 2017, Renaissance Charter School 2 ("TRCS 2"), a charter school developed to replicate the learning experience of the School, was approved by the New York State Education Department ("NYSED") to operate in New York State. The school opened in the Fall of 2020. Renaissance Charter School 2 was notified in February 2019 by the Internal Revenue Service that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Renaissance Charter School 2 is related to the School by virtue of common board members.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of the School have been prepared using the accrual basis of accounting, which is the method of recognizing revenue and expenses when earned or incurred regardless of when cash is received or paid.

Effective July 1, 2019 the School adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, the School adopted ("ASU") No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the School evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return

for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the School applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the School recognizes revenue.

b. Basis of Presentation

Not-for-profit organizations report information regarding its financial position and activities according to specific classes of net assets as follows:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – relates to activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities.

c. Revenue Recognition

Contributions are reported as an increase in net assets without donor restrictions, unless they contain a restriction by the donor for a specific program or time period, in which case they are reported in the net asset class with donor restrictions. When a restriction expires (that is, when a 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 statement of activities as net assets released from restrictions. However, if a restriction is satisfied in the period the contribution has been made, it is recorded as net assets without donor restrictions.

Unconditional promises to give are recorded at net realizable value if expected to be received in one year or at fair value using a risk-adjusted discount rate if expected to be received after one year if material. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions and fall under Topic 605. Revenue from these transactions is recognized based on rates established by the School's funding sources and when performance related outcomes are achieved as well as other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Management assesses the collectability of all outstanding receivables based upon historical trends, experience with donors and grantors, and the uncertain economic impact of the pandemic. Based on this review, management has determined that no allowance is necessary as of June 30, 2020 and 2019. At June 30, 2020 and 2019, all government grants receivable is expected to be collected within one year.

d. Cash and Cash Equivalents

The School considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents. This excludes cash held in escrow.

e. Concentration of Credit Risk

Financial instruments which potentially subject the School to concentration of credit risk consist of cash, money market accounts, and a certificate of deposit, which have been placed with a financial institution that management deems to be creditworthy. From time-to-time, cash balances may be in excess of insurance levels. At year end, there was a significant uninsured balance; however, the School has not experienced any losses from the default of any financial institution.

f. Capitalization Policy

Property and equipment that exceed \$1,000 and have a useful life of greater than one year are capitalized at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Furniture and equipment – *5 to 10 years*

Building improvements – *10 years*

g. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the School. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expense was allocated using time and effort as the basis:

- Salaries

The following expenses were allocated using the salary allocations as the basis:

- Employee benefits and payroll taxes
- Pension contributions
- Repairs and maintenance
- Professional development
- Equipment and furnishings
- Office expenses
- Technology
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

i. 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 and expenses during the reporting period. Actual results could differ from those estimates.

j. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the School's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

k. Contingencies

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.

l. Accounting for Uncertainty in Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2017 and later are subject to examination by applicable taxing authorities.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 27, 2020, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.

n. New Accounting Pronouncement

FASB issued ("ASU") No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

FASB issued ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

The School is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Grants Receivable

Grants receivable on the contract with the NYCDOE can be summarized as follows:

	<u>6/30/20</u>	<u>6/30/19</u>
Beginning grant receivable	\$23,029	\$26,527
Funding based on allowable FTE's	10,831,612	9,719,583
Advances received	<u>(10,850,590)</u>	<u>(9,723,081)</u>
Ending receivable	<u>\$4,051</u>	<u>\$23,029</u>

Note 4 - Related Party Transactions

The Renaissance Charter School 2 ("TRCS 2") owes the School \$12,732 and \$85,517 related to expenses paid on TRCS 2's behalf for the years ended June 30, 2020 and 2019, respectively

Note 5 - Restricted Cash

An escrow account has been established to meet the requirement of the Board of Regents of the State of New York. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

Note 6 - Fixed Assets

Fixed assets can be summarized as follows:

	<u>6/30/20</u>	<u>6/30/19</u>
Furniture and equipment	\$559,386	\$523,728
Building improvements	<u>442,249</u>	<u>442,249</u>
	1,001,635	965,977
Less: accumulated depreciation	<u>(884,876)</u>	<u>(828,306)</u>
Total fixed assets - net	<u>\$116,759</u>	<u>\$137,671</u>

Note 7 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the School obtained a loan from the SBA through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

The School expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution; however, will continue to review whether any new accounting pronouncements may be issued that will provide more definitive guidance.

Note 8 - Net Assets With Donor Restrictions

	<u>June 30, 2020</u>			
	<u>Balance</u>		<u>Released</u>	<u>Balance</u>
	<u>7/1/19</u>	<u>Contributions</u>	<u>from</u> <u>Restrictions</u>	<u>6/30/20</u>
Programs:				
COVID-19 emergency relief	\$0	\$30,000	(\$3,125)	\$26,875
Headphone and book purchases	0	5,000	(3,589)	1,411
Book room renovations	0	5,000	0	5,000
Various programs	<u>4,689</u>	<u>2,300</u>	<u>(3,338)</u>	<u>3,651</u>
Total	<u>\$4,689</u>	<u>\$42,300</u>	<u>(\$10,052)</u>	<u>\$36,937</u>

At June 30, 2020, net assets with donor restrictions were restricted for program purposes.

Note 9 - Significant Concentrations

The School is dependent upon grants from NYCDOE to carry out its operations. Approximately 91% and 82% of the School's total public support and revenue was from NYCDOE for the years ended June 30, 2020 and 2019, respectively.

Note 10- Donated Space

The School is co-located with PS 255Q, a district 75 program, in a NYCDOE facility, and utilizes approximately 62,000 square feet at no charge. The School was unable to determine a value for this service.

Note 11 - Multi-Employer Benefit Plan

The School participates in two multi-employer benefit plans that provide defined benefits to certain contract labor covered by collective bargaining agreements. The School contributed a total of \$1,702,202 and \$1,668,368 to both plans during the year ended June 30, 2020 and 2019, respectively. The School's participation in these plans for the annual period ended June 30, 2020 is outlined below. The "EIN" column provides the Employer Identification Number ("EIN") of the plan. The Pension Protection Act ("PPA") zone status is not applicable because they are government plans.

Teachers' Retirement System of the City of New York Pension Plan as of June 30, 2020 consisted of the following:

<u>EIN</u>	<u>Plan</u> <u>End Date</u>	<u>PPA Zone</u> <u>Status</u>	<u>Collective Bargaining</u> <u>Agreement</u> <u>Expiration Date</u>	<u>Contribution</u>
90-0584726	6/30/19	N/A	9/13/2022	<u>\$1,574,100</u>

Board of Education Retirement System Pension Plan as of June 30, 2020 consisted of the following:

<u>EIN</u>	<u>Plan</u> <u>End Date</u>	<u>PPA Zone</u> <u>Status</u>	<u>Collective Bargaining</u> <u>Agreement</u> <u>Expiration Date</u>	<u>Contribution</u>
13-6400434	6/30/19	N/A	Various	<u>\$128,102</u>

Note 12 - Net Asset Deficit

The board and School management team have taken several steps to address and overcome the net asset deficit as of June 30, 2020. The following steps were taken to ensure that the school is viable going forward:

- 1) The School is working with New York City (NYC”) and State to get financial relief to provide additional funding to cover retroactive payments for personnel costs that are required of a unique “conversion school”.
- 2) The most recent State budget includes additional funding for conversion charter schools.
- 3) UFT and New York City negotiated a new contract that took effect February 14, 2019. This contract does not require the School to make additional retroactive payments for personnel costs, which will allow the School to project its operating expenses more effectively.
- 4) The School was approved and implemented a student enrollment increase and has made programmatic cuts. Based on budget projected changes, the School has a five-year balanced budget, which includes a provision to replenish the emergency fund.

Note 13 - Liquidity and Availability of Financial Resources

The School strives to maintain cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the School operates its programs within a board-approved budget and relies primarily on NYC per pupil funding to fund its operations and program activities.

The following reflects the School’s financial assets at June 30, 2020 that are available to meet cash needs for general expenditures within one year:

Cash and cash equivalents	\$1,611,151	
Accounts receivable due within 1 year:		
Government grants	402,172	
NYC Department of Education	<u>4,051</u>	
Total financial assets		\$2,017,374
Less amounts not available to be used within one year:		
Contributions restricted – purpose restrictions		<u>(36,937)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$1,980,437</u>

Note 14- Other Matters

On March 11, 2020, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. In future years, this could adversely affect the School's students, donors, and suppliers as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, economies and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand on the School's services and harm the School's business and results of operations. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact of such on the School's business cannot be quantified.

**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 the Board of Trustees of
The Renaissance 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 The Renaissance Charter School (the "School"), 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 27, 2020.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

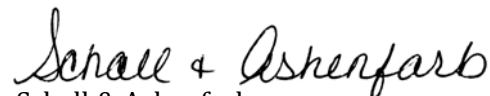
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 financial statements. 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.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 27, 2020

**THE RENAISSANCE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Current Year:

None.

Prior Year:

None.