

The Renaissance Charter School

Audited Financial Statements

In Accordance with *Government Auditing Standards*

June 30, 2023

The Renaissance Charter School

Audited Financial Statements

June 30, 2023

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Independent Auditor's Report

To the Board of Trustees of
The Renaissance Charter School

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of the School as of and for the year ended June 30, 2022, were audited by other auditors whose report dated October 27, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects with the audited financial statement from which it was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, 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 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 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.



New York, NY
October 27, 2023

The Renaissance Charter School

Statement of Financial Position

At June 30, 2023
(With comparative totals at June 30, 2022)

	<u>6/30/23</u>	<u>6/30/22</u>
ASSETS		
Cash and cash equivalents	\$ 4,021,779	\$ 2,437,536
Government grants receivable	1,113,197	1,505,547
Prepaid expenses and other assets	25,059	157,376
Fixed assets, net	501,923	325,204
Restricted cash	71,678	70,456
	<u>5,733,636</u>	<u>4,496,119</u>
Total assets	\$ 5,733,636	\$ 4,496,119
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 218,139	\$ 134,683
Accrued payroll and employee benefits	2,399,922	2,409,895
Government grant advance - per pupil funding	18,378	37,155
Conditional contributions	-	185,431
Due to related organization	171,028	12,199
Other liabilities	3,892	6,487
Total liabilities	<u>2,811,359</u>	<u>2,785,850</u>
Net assets:		
Without donor restrictions	2,922,277	1,709,374
With donor restrictions	-	895
Total net assets	<u>2,922,277</u>	<u>1,710,269</u>
Total liabilities and net assets	\$ 5,733,636	\$ 4,496,119

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, 2023
(With comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/23	Total 6/30/22
PUBLIC SUPPORT AND REVENUE:				
Public school district revenue:				
Resident student enrollment	\$ 11,534,631	\$ -	\$ 11,534,631	\$ 10,920,487
Students with special education services	1,288,253	-	1,288,253	1,298,928
Total public school district revenue	12,822,884	-	12,822,884	12,219,415
Other federal grants	733,601	-	733,601	1,398,105
State and city grants	386,115	-	386,115	402,632
Food program grants	756,311	-	756,311	752,482
Contributions	452,527	-	452,527	21,843
In-kind contributions	3,100,000	-	3,100,000	3,100,000
Management fee	189,500	-	189,500	203,956
Interest income	1,953	-	1,953	254
Net assets released from restriction	895	(895)	-	-
Total public support and revenue	18,443,786	(895)	18,442,891	18,098,687
EXPENSES:				
Program services				
Regular education	12,045,912	-	12,045,912	11,627,314
Special education	2,211,572	-	2,211,572	2,086,477
Pre-kindergarten	316,786	-	316,786	289,803
Food program	858,429	-	858,429	892,369
Total program services	15,432,699	-	15,432,699	14,895,963
Supporting services				
Management and general	1,775,502	-	1,775,502	1,701,343
Fundraising	22,682	-	22,682	220,062
Total supporting services	1,798,184	-	1,798,184	1,921,405
Total expenses	17,230,883	-	17,230,883	16,817,368
Change in net assets	1,212,903	(895)	1,212,008	1,281,319
NET ASSETS, beginning of year	1,709,374	895	1,710,269	428,950
NET ASSETS, end of year	\$ 2,922,277	\$ -	\$ 2,922,277	\$ 1,710,269

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, 2023

(With comparative totals for the year ended June 30, 2022)

	Program Services				Supporting Services			Total Expenses 6/30/23	Total Expenses 6/30/22	
	Regular Education	Special Education	Pre-Kindergarten	Food Program	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$ 5,833,141	\$ 1,070,932	\$ 166,207	\$ 170,224	\$ 7,240,504	\$ 832,662	\$ 11,762	\$ 844,424	\$ 8,084,928	\$ 8,002,492
Payroll taxes and employee benefits	1,609,108	295,423	45,850	46,957	1,997,338	229,697	3,244	232,941	2,230,279	2,226,068
Pension contributions	949,429	174,309	27,052	27,707	1,178,497	135,528	1,915	137,443	1,315,940	1,369,896
Total personnel costs	8,391,678	1,540,664	239,109	244,888	10,416,339	1,197,887	16,921	1,214,808	11,631,147	11,598,456
Professional fees	146,188	26,840	-	67,571	240,599	183,994	264	184,258	424,857	596,645
Repairs and maintenance	11,381	2,090	324	15,575	29,370	1,625	23	1,648	31,018	26,370
Curriculum and classroom expenses	781,980	143,576	-	-	925,556	-	-	-	925,556	505,639
In-kind occupancy and facility costs	2,236,598	410,627	63,729	65,269	2,776,223	319,267	4,510	323,777	3,100,000	3,100,000
Professional development	113,954	20,922	3,247	3,326	141,449	16,265	230	16,495	157,944	69,494
Equipment and furnishings	24,463	4,491	698	3,575	33,227	3,490	49	3,539	36,766	36,203
Office expenses	28,925	5,311	825	843	35,904	4,130	58	4,188	40,092	90,310
Food services	-	-	-	448,313	448,313	-	-	-	448,313	387,100
Technology	94,805	17,406	2,702	2,767	117,680	13,532	191	13,723	131,403	152,056
Marketing and recruitment	-	-	-	-	-	4,486	-	4,486	4,486	12,322
Insurance	85,054	15,615	2,423	2,482	105,574	12,142	172	12,314	117,888	103,888
Depreciation	130,886	24,030	3,729	3,820	162,465	18,684	264	18,948	181,413	138,885
Total other than personnel costs	3,654,234	670,908	77,677	613,541	5,016,360	577,615	5,761	583,376	5,599,736	5,218,912
Total expenses	\$ 12,045,912	\$ 2,211,572	\$ 316,786	\$ 858,429	\$ 15,432,699	\$ 1,775,502	\$ 22,682	\$ 1,798,184	\$ 17,230,883	\$ 16,817,368

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, 2023
(With comparative totals for the year ended June 30, 2022)

	6/30/23	6/30/22
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,212,008	\$ 1,281,319
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	181,413	138,885
Changes in assets and liabilities:		
Government grants receivable	392,350	(911,102)
Prepaid expenses and other assets	132,317	(113,699)
Accounts payable	83,456	375
Accrued payroll and employee benefits	(9,973)	54,783
Government grant advance - per pupil funding	(18,777)	20,620
Conditional contributions	(185,431)	185,431
Due to related organization	158,829	9,322
Other liabilities	(2,595)	(2,595)
Net cash flows provided by operating activities	1,943,597	663,339
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(358,132)	(245,267)
Net cash flows used for investing activities	(358,132)	(245,267)
Net increase in cash, cash equivalents and restricted cash	1,585,465	418,072
Cash, cash equivalents and restricted cash, <i>beginning of year</i>	2,507,992	2,089,920
Cash, cash equivalents and restricted cash, <i>end of year</i>	\$ 4,093,457	\$ 2,507,992
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 4,021,779	\$ 2,437,536
Restricted cash	71,678	70,456
Total cash, cash equivalents and restricted cash	\$ 4,093,457	\$ 2,507,992

SUPPLEMENTAL INFORMATION:

No taxes or interest were paid.

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, 2023

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.

The School has the following programs:

- Regular Education - Instruction provided to students from kindergarten through 12th grade.
- Special Education - Instruction that is specially designed to meet the unique needs of students with disabilities.
- Pre-Kindergarten - Instruction provided to children who are four years of age on or before December 1st of the school year.
- Food Program - Students receive breakfast served in the classroom, a hot lunch served either in the classroom or in the School's cafeteria, and a cold supper-to-go, free of charge. Meals are prepared in the School's kitchen by its food service staff.

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. The School's main sources of revenue are public school district revenue and government grants.

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. TRCS 2 opened in the Fall of 2020. TRCS 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. TRCS 2 is related to the School by virtue of some common board members and a memorandum of understanding; whereby, the School provides support and guidance through shared staff. TRCS 2 does not meet the requirements for consolidation because the School does not exercise control over them.

Note 2 - Significant Accounting Policies

a. *Basis of Accounting*

The financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

The Renaissance Charter School

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies – Continued

b. Recently Adopted Accounting Standards

Effective July 1, 2022, the School adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. At June 30 2023, the School did not hold any long-term leases that were material to the financial statements. Additionally, the School occupies space provided by the NYCDOE at no charge. See Note 2h for additional details.

c. Basis of Presentation

The School reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time.

d. Revenue Recognition

The School follows the requirements of the FASB's Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized when a contribution becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. 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. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

The School evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the School to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists. During the year ended June 30, 2022, the School received a conditional contribution of \$185,431 that was contingent on the School running the summer learning program during the year ended June 30, 2023. As of June 30, 2023, the condition was met, and revenue was recognized for the year then ended. There were no conditional contributions recognized as of June 30, 2023.

Conditional grants that have not been recognized amounted to \$912,044 and \$1,224,756 at June 30, 2023 and June 30, 2022, respectively. The grants are conditional upon achieving certain performance goals and incurring qualifying expenditures.

The Renaissance Charter School

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies – Continued

d. Revenue Recognition - Continued

The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions and fall under FASB ASC 958-605. Revenue from these transactions is recognized based on rates established by the School's funding sources and when performance related outcomes are achieved, or qualifying expenditures are incurred as well as other conditions under the agreements are met.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discount rate. As of June 30, 2023 and 2022, all unconditional promises to give are due within one year. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2023 or June 30, 2022.

The School also follows the requirements of FASB ASC 606 for recognizing revenue from contracts with customers. The School receives a management fee from TRCS 2 in exchange for providing certain staff time and other operating support to TRCS 2. This is classified as management fee income and recognized as revenue at the point in time that the services are provided, and the performance obligation is met. Management fees that have been earned but not paid at year end are recognized as income and a related receivable.

e. Cash and Cash Equivalents

Checking and money market accounts with local banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statement of cash flows. Cash maintained in escrow per requirements of the NYCDOE are treated as restricted cash.

f. Concentration of Credit Risk

Financial instruments which potentially subject the School to a concentration of credit risk consist of checking, savings, money market accounts, and investment securities which have been placed with financial institutions that management deems to be creditworthy. From time-to-time, cash balances may be in excess of insurance levels. At year end and at various times throughout the year, balances were in excess of insured amounts. The School has not suffered any losses due to bank failure.

g. Fixed Assets

Fixed assets that the School retains title to that exceed a dollar threshold of \$1,000, and which benefit future periods are capitalized at cost or at the fair value at the date of gift, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Furniture and equipment - 3 to 10 years

Building improvements - 10 years

The Renaissance Charter School

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

h. In-kind Contributions

The School's operations are located in a facility provided by the NYCDOE at no charge. The School utilizes approximately 62,000 square feet and recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the School's service area. The total amount recognized for donated facilities is approximately \$3,100,000 for both years ended June 30, 2023 and 2022.

Allocations for the donated facility are as follows:

	<u>6/30/23</u>	<u>6/30/22</u>
Program	\$ 2,776,223	\$ 2,754,449
Management and General	319,267	300,898
Fundraising	4,510	44,653
Total	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>

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

i. 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. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

Salaries were allocated using time and effort as the basis. The following costs were allocated using the salary allocation as the basis:

- Payroll taxes and employee benefits
- Pension contributions
- Repairs and maintenance
- In-kind occupancy and facility costs
- Professional development
- Equipment and furnishings
- Office expenses
- Technology
- Insurance
- Depreciation

Certain program expenses have been allocated between Regular Education and Special Education based on student FTE rates. All other expenses have been charged directly to the applicable program or supporting services.

The Renaissance Charter School

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

j. Advertising Costs

Advertising costs are expensed as incurred.

k. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. 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.

In the normal course of business, the School is involved in proceedings, lawsuits, and other claims. These matters are subject to many uncertainties, and outcomes are not predictable with a high degree of assurance. Consequently, the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of June 30, 2023 cannot be ascertained. Management believes that the final outcome of these matters will not have a material impact on the financial statements of the School.

m. Accounting for Uncertainty of Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

n. 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. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2022 from which the summarized information was derived.

The Renaissance Charter School

Notes to Financial Statements

June 30, 2023

Note 3 - Fixed Assets

Fixed assets consist of:

	6/30/23	6/30/22
Furniture and equipment	\$ 1,223,007	\$ 886,091
Building improvements	463,465	442,249
Total	1,686,472	1,328,340
Less accumulated depreciation	(1,184,549)	(1,003,136)
Total fixed assets, net	\$ 501,923	\$ 325,204

Note 4 - Restricted Cash

An escrow account has been established to meet the requirement of the NYCDOE. 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 5 - Government Grant Advances - Per Pupil Funding

Activity related to the contract with the NYCDOE can be summarized as follows:

	6/30/23	6/30/22
Beginning grants advances	\$ (37,155)	\$ (16,535)
Funding based on allowable FTE's	12,822,884	12,219,415
Advances received	(12,804,107)	(12,240,035)
Ending grants advances	\$ (18,378)	\$ (37,155)

Note 6 - Due To Related Organization

The School has an ongoing support agreement with TRCS 2, the related organization described in Note 1. As part of the agreement, the School receives a management fee in exchange for providing certain staff time and other operating support to TRCS 2.

The net balance due to TRCS 2 at June 30, 2023 consists of the following:

Balance due to TRCS at June 30, 2022	\$ (12,199)
FY23 activity:	
Management fee charged to TRCS 2	189,500
Reimbursable expenses paid by the School	22,257
Grants to TRCS 2 collected by the School	(335,371)
Payments by TRCS 2 to the School	(35,215)
Balance due to TRCS 2 at June 30, 2023	\$ (171,028)

The Renaissance Charter School

Notes to Financial Statements

June 30, 2023

Note 7 - Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	June 30, 2023			
	Beginning Balance 7/1/22	Contributions	Released from Restrictions	Ending Balance 6/30/23
Drama program	\$ 895	\$ -	\$ (895)	\$ -
Total program	\$ 895	\$ -	\$ (895)	\$ -
	June 30, 2022			
	Beginning Balance 7/1/21	Contributions	Released from Restrictions	Beginning Balance 6/30/22
Drama program	\$ 1,649	\$ -	\$ (754)	\$ 895
Other school programs	791	-	(791)	-
Total program	\$ 2,440	\$ -	\$ (1,545)	\$ 895

Note 8 - Significant Concentrations

The School is dependent upon grants from the NYCDOE to carry out its operations. Approximately 70% and 68% of the School's total public support and revenue was received from the NYCDOE for the years ended June 30, 2023 and 2022, respectively. If the NYCDOE were to discontinue funding, this would have a severe economic impact on the School's ability to operate.

Note 9 - Multi-Employer Benefit Plan

The School participates in two multi-employer benefit plans ("MEPP") that provide defined benefits to certain contract labor covered by collective bargaining agreements ("CBA"). As one of many participating employers in these MEPPs, the School may be responsible with the other participating employers for any plan underfunding. The School's contributions to a particular MEPP are established by the applicable CBAs; however, its required contributions may increase based on the funded status of the MEPP and the legal requirements of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status. Factors that could impact the funded status of the MEPP include, without limitation, investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions, and the utilization of extended amortization provisions.

In the event of the termination of a MEPP or if the School were to withdraw from a MEPP, under current law, the School would have material liabilities for its share of the unfunded vested liabilities of each such plan. The School has not received notification of any plan termination, and the School does not currently intend to withdraw from these plans. Therefore, the School believes the occurrence of events that would require recognition of liabilities for its share of unfunded vested benefits is remote.

The Renaissance Charter School

Notes to Financial Statements

June 30, 2023

Note 9 - Multi-Employer Benefit Plan - Continued

The School contributed a total of \$1,315,940 and \$1,369,896 to both plans during the years ended June 30, 2023 and 2022, respectively. The School's participation in these plans for the annual period ended June 30, 2023 is outlined below. The "EIN" column provides the Employer Identification Number ("EIN") of the plan. The 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, 2023 consisted of the following:

<u>EIN</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>Collective Bargaining Expiration Date</u>	<u>Contributions</u>
90-0584726	6/30/23	N/A	11/28/27	<u>\$ 1,230,063</u>

As of the most current report on file with the City of New York's Office of the Actuary, which for the fiscal year ending June 30, 2022, the net position restricted for benefits were \$64,009,000,000 and the accumulated benefit obligations were \$78,721,000,000, which results in the plan being 81% funded. The School's employer contributions are less than 5% of the total plan's employer contributions of \$3,303,798,000 for the year ended June 30, 2022.

Board of Education Retirement System Pension Plan as of June 30, 2023 consisting of the following:

<u>EIN</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>Collective Bargaining Expiration Date</u>	<u>Contributions</u>
13-6400434	6/30/23	N/A	Various	<u>\$ 85,877</u>

As of the most current report on file with the City of New York's Office of the Actuary, which for the fiscal year ending June 30, 2022, the net position restricted for benefits were \$ 5,876,000,000 and the accumulated benefit obligations were \$6,001,000,000, which results in the plan being 98% funded. The School's employer contributions are less than 5% of the total plan's employer contributions of \$262,404,000 for the year ended June 30, 2022.

Note 10 - 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 per pupil funding and grants to fund its operations and program activities. At June 30, 2023, the School's financial assets available to meet cash needs for general expenditures within one year totaled \$5,134,976, which consist of cash and cash equivalents of \$4,021,779 and government grants receivable of \$1,113,197.

Note 11 - Subsequent Events

Subsequent events have been evaluated through October 27, 2023, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.



**Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements 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, 2023, 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, 2023.

Report on 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") as a basis for designing 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 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 or significant deficiencies may exist that have not been identified.

Report on 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.

Sax CPAs LLP

New York, NY
October 27, 2023

The Renaissance Charter School

Schedule of Findings and Questioned Costs

June 30, 2023

Current Year:

None

Prior Year:

None