

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT**

Board of Trustees
New Roots Charter School
Ithaca, New York

We have audited the financial statements of New Roots Charter School (the School) for the year ended June 30, 2018, and have issued our report thereon dated November 29, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by New Roots Charter School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allowance for doubtful accounts, depreciation expense and compensated absences.

Management's estimate of the allowance for doubtful accounts is based on an analysis of the collectability of the receivable balances at year end. Management's estimate of depreciation expense is based on estimated useful lives of fixed assets. Management's estimate of compensated absences is based on pay rates and accrued sick time. We evaluated the key factors and assumptions used to develop the allowance for disputed claims, depreciation expense, and compensated absences estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of the allowance for disputed claims, fixed assets and leases, the details of which are presented in Notes 3, 4, and 5 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached Summary of Recorded Audit Adjustments lists misstatements detected as a result of audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 29, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee, the Board of Trustees, and management of New Roots Charter School, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
November 29, 2018

NEW ROOTS CHARTER SCHOOL

SUMMARY OF RECORDED AUDIT ADJUSTMENTS YEAR ENDED JUNE 30, 2018

Description	Net Effect - Increase (Decrease)				
	Assets	Liabilities	Net Assets	Revenue	Expense
Overstatement of cash (payroll adjustment) \$	(1,320,712) \$		(1,320,712) \$		
Overstatement of receivables	(65,744)		(65,744)		
Understatement of allowance	(128,730)		(128,730)		
Overstatement of accounts payable		(39,374)	39,374		
Understatement of TRS accrual		61,035			61,035
Understatement of fixed assets	33,677				(33,677)
Understatement of depreciation expense	(59,280)				59,280
Total Effect				\$ -	\$ 86,638
Financial Position Effect	\$ (1,540,789) \$	\$ 21,661 \$	\$ (1,475,812)		

NEW ROOTS CHARTER SCHOOL

Ithaca, New York

EXECUTIVE SUMMARY

June 30, 2018 and 2017



NEW ROOTS CHARTER SCHOOL

EXECUTIVE SUMMARY OF 2018 AUDIT RESULTS

Independent Auditor's Report on the financial statements.

An unmodified report on the New Roots Charter School's financial statements for the years ended June 30, 2018 and 2017.

Communication with Those Charged with Governance at the Conclusion of the Audit.

A letter that specifically addresses certain required communications to the Board of Trustees in accordance with professional standards. There were no comments of concern to be reported regarding the following:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings or Issues

Independent Auditor's 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*.

Report on the School's compliance with laws and regulations that may have a direct and material effect on the basic financial statements, and on the School's internal control structure, policies and procedures based on the auditor's understanding of the internal control structure and assessment of control risk obtained as part of the audit of the basic financial statements. This report identified no material instances of noncompliance and one material internal control weakness and two significant deficiencies at the financial statement level. Additionally, a separate letter dated November 29, 2018, discusses certain accounting issues and enhancements regarding financial reporting.

NEW ROOTS CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION JUNE 30,

	2018	2017	2016	2015	2014
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 182,202	\$ 167,268	\$ 148,084	\$ 312,551	\$ 209,594
State and federal aid receivable		57,241	29,687		
Other receivables, net	284,367	291,413	363,931	228,900	169,852
Inventories	1,017	963	2,036	2,036	2,036
Prepaid expenses and other current assets	3,327	3,854	3,821	3,859	8,618
Total Current Assets	470,913	520,739	547,559	547,346	390,100
Noncurrent Assets					
Deposits	23,457	23,457	23,457	23,457	23,457
Equipment and leasehold improvements, net	467,757	496,919	484,864	484,591	541,740
Total Assets	\$ 962,127	\$ 1,041,115	\$ 1,055,880	\$ 1,055,394	\$ 955,297
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 8,070	\$ 7,653	\$ 17,996	\$ 10,805	\$ 21,097
Accrued liabilities	116,874	117,259	142,578	123,507	141,565
Other liabilities	17,357	43,317	27,537	190	
Due to retirement system	217,973	190,850	198,352	195,025	150,158
Total Liabilities	360,274	359,079	386,463	329,527	312,820
Net Assets					
Unrestricted:					
Investment in equipment and leasehold improvements	467,757	496,919	484,864	484,591	541,740
Undesignated	119,915	170,936	171,171	229,790	89,251
Total Unrestricted	587,672	667,855	656,035	714,381	630,991
Temporarily restricted net assets	14,181	14,181	13,382	11,486	11,486
Total Net Assets	601,853	682,036	669,417	725,867	642,477
Total Liabilities and Net Assets	\$ 962,127	\$ 1,041,115	\$ 1,055,880	\$ 1,055,394	\$ 955,297

Note: Abstracted from audited financial statements - see audit reports for complete information

NEW ROOTS CHARTER SCHOOL

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30,

	2018	2017	2016	2015	2014
Operating Revenues					
Public School District:					
Resident student enrollment, net	\$ 1,880,090	\$ 1,741,929	\$ 1,618,233	\$ 1,785,434	\$ 1,741,841
Students with disabilities	213,994	170,492	169,928	193,483	172,092
Grants and Contracts:					
State and local			15,304		
Federal grants - Title I and other title grants	88,852	52,089	22,996	27,617	33,685
Federal aid - IDEA funds	38,217	57,161	54,105	55,909	51,120
Federal and state grants - School lunch	50,458	45,542	25,159	32,011	28,124
Contributions	6,561	11,376	13,503	5,026	2,366
Investment income	180	228	256	267	353
Food service income	945	6,391	24,072	22,490	21,017
Fundraising income	3,066	3,984	1,422	4,183	1,866
E-Rate reimbursement	6,137	5,719	4,463	5,102	
Other income	3,349	47	5,164	563	7,658
(Loss) on disposal of fixed assets	(3,559)	(3,105)			
Total Revenue and Other Support	2,288,290	2,091,853	1,954,605	2,132,085	2,060,122
Expenses					
Salaries	1,332,725	1,098,552	1,104,661	1,048,426	1,216,258
Benefits and payroll taxes	261,328	274,467	306,312	315,944	377,228
Legal fees	22,511	13,000	25,491	33,651	37,264
Accounting/Auditing fees	15,000	16,000	16,000	14,000	18,500
Board expenses	300	250	450	288	379
Contracted services	60,855	69,564	86,313	131,875	118,194
Supplies and materials	3,669	9,479	10,560	20,594	11,508
Office expense	15,894	7,421	9,429	12,104	16,642
Expensed equipment	811	-	802	304	175
Food service	37,518	31,769	27,401	27,883	34,296
Insurance	44,074	40,382	36,064	35,857	38,221
Maintenance and repairs	5,841	6,943	4,209	3,354	9,038
Marketing and recruitment	19,993	9,949	16,259	15,951	21,039
Rent	296,470	280,116	256,621	258,649	271,152
Staff development	13,472	4,631	3,910	596	5,691
Technology	13,843	10,419	19,518	20,050	18,244
Textbooks	2,757	8,022	2,093	4,135	2,264
Student services	5,444	8,117	5,298	17,523	16,173
Travel and conferences	2,073	1,099	22	2,322	1,057
Utilities	24,081	25,474	23,700	25,301	19,621
Other expenses	1,804	7,397	622	2,739	3,000
Depreciation and amortization	59,280	59,118	55,320	57,149	57,007
Total Expenses	2,239,743	1,982,169	2,011,055	2,048,695	2,292,951
Change in Net Assets before the change in the allowance for disputed claims	48,547	109,684	(56,450)	83,390	(232,829)
Change in the allowance for disputed claims	(128,730)	(97,065)	-	-	-
Net Assets, July 1,	682,036	669,417	725,867	642,477	875,306
Net Assets, June 30,	\$ 601,853	\$ 682,036	\$ 669,417	\$ 725,867	\$ 642,477

Note: Abstracted from audited financial statements - see audit reports for complete information

NEW ROOTS CHARTER SCHOOL

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities					
Cash received from providing services	\$ 1,947,385	\$ 1,894,265	\$ 1,677,202	\$ 1,942,359	\$ 1,908,400
Cash received from contributors and grants	241,329	138,614	101,380	120,563	119,291
Interest received	180	228	256	267	353
Other cash received	12,552	22,425	38,396	10,038	9,524
Cash paid to employees and suppliers	<u>(2,152,835)</u>	<u>(1,962,006)</u>	<u>(1,926,108)</u>	<u>(1,970,270)</u>	<u>(2,233,253)</u>
Net Cash Provided (Used) by Operating Activities	<u>48,611</u>	<u>93,526</u>	<u>(108,874)</u>	<u>102,957</u>	<u>(195,685)</u>
Cash Flows from Investing Activities					
Equipment acquisitions	(33,677)	(37,466)	(55,593)		(2,351)
Leasehold improvements		(36,812)			
Deposits					<u>(25)</u>
Net Cash (Used) by Investing Activities	<u>(33,677)</u>	<u>(74,278)</u>	<u>(55,593)</u>	<u>-</u>	<u>(2,376)</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash from Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	14,934	19,248	(164,467)	102,957	(198,061)
Cash and Cash Equivalents at July 1,	<u>167,268</u>	<u>148,020</u>	<u>312,487</u>	<u>209,530</u>	<u>407,591</u>
Cash and Cash Equivalents at June 30,	\$ <u>182,202</u>	\$ <u>167,268</u>	\$ <u>148,020</u>	\$ <u>312,487</u>	\$ <u>209,530</u>

Note: Abstracted from audited financial statements - see audit reports for complete information

NEW ROOTS CHARTER SCHOOL

Ithaca, New York

FINANCIAL REPORT

June 30, 2018 and 2017



NEW ROOTS CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
New Roots Charter School
Ithaca, New York

We have audited the accompanying financial statements of New Roots Charter School (the School), which comprise the Statements of Financial Position as of June 30, 2018 and 2017, 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 New Roots Charter School as of June 30, 2018 and 2017, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, 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 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.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
November 29, 2018

NEW ROOTS CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION JUNE 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 182,202	\$ 167,268
State and federal aid receivable	-	57,241
Other receivables, net of allowance for disputed claims of \$225,795 and \$129,262. See Note 3.	284,367	291,413
Inventories	1,017	963
Prepaid expenses	<u>3,327</u>	<u>3,854</u>
Total Current Assets	<u>470,913</u>	<u>520,739</u>
Noncurrent Assets		
Deposits	23,457	23,457
Equipment and leasehold improvements, net of accumulated depreciation of \$411,789 and \$359,936	<u>467,757</u>	<u>496,919</u>
Total Noncurrent Assets	<u>491,214</u>	<u>520,376</u>
Total Assets	<u>\$ 962,127</u>	<u>\$ 1,041,115</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 8,070	\$ 7,653
Accrued liabilities	116,874	117,259
Deferred revenue	17,357	43,317
Due to retirement system	<u>217,973</u>	<u>190,850</u>
Total Current Liabilities	<u>360,274</u>	<u>359,079</u>
NET ASSETS		
Unrestricted		
Investment in equipment and leasehold improvements	467,757	496,919
Undesignated	<u>119,915</u>	<u>170,936</u>
Total Unrestricted	<u>587,672</u>	<u>667,855</u>
Temporarily restricted	<u>14,181</u>	<u>14,181</u>
Total Net Assets	<u>601,853</u>	<u>682,036</u>
Total Liabilities and Net Assets	<u>\$ 962,127</u>	<u>\$ 1,041,115</u>

See Independent Auditor's Report and Notes to Financial Statements

NEW ROOTS CHARTER SCHOOL

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30,

	2018		
	Unrestricted	Temporarily Restricted	Total
Operating Revenues			
Public school districts:			
Resident student enrollment	\$ 1,880,090	\$	\$ 1,880,090
Students with disabilities	213,994		213,994
Grants and contracts:			
Federal grants - Title I and other title grants		88,852	88,852
Federal grants - IDEA funds		38,217	38,217
Federal and state grants - School lunch		50,458	50,458
Contributions	6,561		6,561
Investment income	180		180
Food service income	945		945
Fundraising income	3,066		3,066
E-Rate reimbursement	6,137		6,137
Other income	3,349		3,349
(Loss) on disposal of fixed assets	(3,559)		(3,559)
Net assets released from purpose restrictions	177,527	(177,527)	-
	2,288,290	-	2,288,290
Total Revenues and Other Support			
Expenses			
Program Expenses			
Regular education	1,397,748		1,397,748
Special education	180,245		180,245
Enrichment programs	156,300		156,300
Total Program Services	1,734,293	-	1,734,293
Supporting Services			
Management and general	505,450		505,450
Total Supporting Services	505,450	-	505,450
Total Expenses	2,239,743	-	2,239,743
Change in Net Assets before the change in the allowance for disputed claims	48,547	-	48,547
Change in the allowance for disputed claims	(128,730)	-	(128,730)
Net Assets Beginning of Year	667,855	14,181	682,036
Net Assets End of Year	\$ 587,672	\$ 14,181	\$ 601,853

See Independent Auditor's Report and Notes to Financial Statements

2017		
Unrestricted	Temporarily Restricted	Total
\$ 1,741,929	\$	\$ 1,741,929
170,492		170,492
	52,089	52,089
	57,161	57,161
	45,542	45,542
5,651	5,725	11,376
228		228
6,391		6,391
3,984		3,984
5,719		5,719
47		47
(3,105)		(3,105)
<u>159,718</u>	<u>(159,718)</u>	<u>-</u>
<u>2,091,054</u>	<u>799</u>	<u>2,091,853</u>
1,250,348		1,250,348
159,654		159,654
137,993		137,993
<u>1,547,995</u>	<u>-</u>	<u>1,547,995</u>
<u>434,174</u>	<u>-</u>	<u>434,174</u>
<u>434,174</u>	<u>-</u>	<u>434,174</u>
<u>1,982,169</u>	<u>-</u>	<u>1,982,169</u>
108,885	799	109,684
<u>(97,065)</u>	<u>-</u>	<u>(97,065)</u>
<u>656,035</u>	<u>13,382</u>	<u>669,417</u>
<u>\$ 667,855</u>	<u>\$ 14,181</u>	<u>\$ 682,036</u>

NEW ROOTS CHARTER SCHOOL

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30,

	2018	2017
Cash Flows from Operating Activities		
Cash received from providing services	\$ 1,947,385	\$ 1,894,265
Cash received from contributors and grants	241,329	138,614
Interest received	180	228
Other cash received	12,552	22,425
Cash paid to employees	(1,567,315)	(1,405,840)
Cash paid to suppliers	(585,520)	(556,230)
	48,611	93,462
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Equipment acquisitions and leasehold improvements	(33,677)	(74,278)
	(33,677)	(74,278)
Net Cash (Used) by Investing Activities		
Cash Flows from Financing Activities	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,934	19,184
Cash and Cash Equivalents, July 1,	167,268	148,084
Cash and Cash Equivalents, June 30,	\$ 182,202	\$ 167,268
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities		
(Loss) income from operations	\$ (80,183)	\$ 12,619
Depreciation	59,280	59,118
Disposal of fixed assets	3,559	3,105
Decrease (increase) in due from state and federal funds	57,241	(27,554)
(Increase) decrease in inventories	(54)	1,073
(Increase) in other accounts receivable	(121,684)	(24,547)
Increase in the allowance for doubtful accounts	128,730	97,065
Decrease (increase) in prepaid expenses	527	(33)
Increase (decrease) in accounts payable	417	(10,343)
Increase (decrease) in due to retirement system	27,123	(7,502)
(Decrease) increase in deferred revenue	(25,960)	15,780
(Decrease) in other accrued liabilities	(385)	(25,319)
	48,611	93,462
Net Cash Provided by Operating Activities	\$ 48,611	\$ 93,462

See Independent Auditor's Report and Notes to Financial Statements

NEW ROOTS CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018

	Program Services			Program Services Subtotal
	Regular Education	Special Education	Enrichment Program	
Personnel Service Costs				
Administrative staff personnel	\$ 27,418	\$ 4,290	\$ 2,313	\$ 34,021
Instructional personnel	785,272	123,128	66,488	974,888
Non-instructional personnel	1,600			1,600
Total salaries and staff	814,290	127,418	68,801	1,010,509
Benefits and payroll taxes	159,680	24,985	13,474	198,139
Legal fees				-
Accounting/Auditing fees				-
Board expenses				-
Contracted services	29,023	5,521	4,975	39,519
Supplies and materials	2,935	661		3,596
Office expense				-
Expensed equipment				-
Food service			37,518	37,518
Insurance	35,289	1,324	3,393	40,006
Maintenance and repairs	4,441	670		5,111
Marketing and recruitment	13,059	3,099	576	16,734
Rent	237,374	8,913	22,997	269,284
Staff development	12,394	1,078		13,472
Technology	11,767	2,076		13,843
Textbooks	2,482	275		2,757
Student services	4,082	1,362		5,444
Travel and conferences	2,073			2,073
Utilities	19,690	1,080		20,770
Other expenses	1,804			1,804
Depreciation	47,365	1,783	4,566	53,714
Total Expenses	\$ 1,397,748	\$ 180,245	\$ 156,300	\$ 1,734,293

See Independent Auditor's Report and Notes to Financial Statements

Supporting Services		
Management and General	Supporting Services Subtotal	Total
\$ 322,216	\$ 322,216	\$ 356,237
	-	974,888
	-	1,600
322,216	322,216	1,332,725
63,189	63,189	261,328
22,511	22,511	22,511
15,000	15,000	15,000
300	300	300
21,336	21,336	60,855
73	73	3,669
15,894	15,894	15,894
811	811	811
	-	37,518
4,068	4,068	44,074
730	730	5,841
3,259	3,259	19,993
27,186	27,186	296,470
	-	13,472
	-	13,843
	-	2,757
	-	5,444
	-	2,073
3,311	3,311	24,081
	-	1,804
5,566	5,566	59,280
\$ 505,450	\$ 505,450	\$ 2,239,743

NEW ROOTS CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

	Program Services			Program Services Subtotal
	Regular Education	Special Education	Enrichment Programs	
Personnel Service Costs				
Administrative staff personnel	\$ 22,600	\$ 3,536	\$ 1,907	\$ 28,043
Instructional personnel	647,293	101,494	54,804	803,591
Non-instructional personnel	1,318			1,318
Total salaries and staff	671,211	105,030	56,711	832,952
Benefits and payroll taxes	167,709	26,242	14,150	208,101
Legal fees				
Accounting/auditing fees				
Board expenses				
Contracted services	33,176	6,311	5,688	45,175
Supplies and materials	7,583	1,706		9,289
Office expense				
Food service			31,769	31,769
Insurance	32,334	1,213	3,108	36,655
Maintenance and repairs	5,279	796		6,075
Marketing and recruitment	6,499	1,542	286	8,327
Rent	224,279	8,422	21,728	254,429
Staff development	3,553	1,078		4,631
Technology	8,856	1,563		10,419
Textbooks	7,221	801		8,022
Student services	6,087	2,030		8,117
Travel and conferences	1,099			1,099
Utilities	20,829	1,142		21,971
Other expenses	7,397			7,397
Depreciation	47,236	1,778	4,553	53,567
Total Expenses	\$ 1,250,348	\$ 159,654	\$ 137,993	\$ 1,547,995

See Independent Auditor's Report and Notes to Financial Statements

Supporting Services		
Management and General	Supporting Services Subtotal	Total
\$ 265,600	\$ 265,600	\$ 293,643
		803,591
		1,318
<u>265,600</u>	<u>265,600</u>	<u>1,098,552</u>
66,366	66,366	274,467
13,000	13,000	13,000
16,000	16,000	16,000
250	250	250
24,389	24,389	69,564
190	190	9,479
7,421	7,421	7,421
	-	31,769
3,727	3,727	40,382
868	868	6,943
	-	
1,622	1,622	9,949
25,687	25,687	280,116
		4,631
	-	10,419
	-	8,022
	-	8,117
	-	1,099
3,503	3,503	25,474
	-	7,397
<u>5,551</u>	<u>5,551</u>	<u>59,118</u>
<u>\$ 434,174</u>	<u>\$ 434,174</u>	<u>\$ 1,982,169</u>

NEW ROOTS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

***Note 1* Summary of Significant Accounting Policies**

Activity

New Roots Charter School (the School) is a not-for-profit public high school committed to sustainable education and social justice located in Central New York. The School's first year of operations was 2009-2010. The School uses the Fiscal Policies and Procedures Manual drafted in 2009 and updated most recently on August 11, 2016. The majority of the School's revenue is derived from state aid passed through to the School from the home school districts of its students.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and liabilities.

Financial Statement Presentation

The School complies with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities." Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, cash and cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management has provided an allowance for uncollectible balances based on an evaluation of the collectability of the outstanding receivable balances for the year ending June 30, 2018. The allowance for disputed claims was \$225,795 and \$97,065 for the years ended June 30, 2018 and 2017, respectively.

Prepaid Expenses

Prepaid expenses represents professional development services the School has the right to receive for which it has paid. This entire amount is expected to be expended during the next fiscal year.

Leasehold Improvements and Equipment

Leasehold improvements and equipment are stated at cost and depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The capitalization threshold for New Roots is \$250. Equipment is depreciated over three to 20 years and leasehold improvement costs over 20 years.

NEW ROOTS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Inventory

Inventory is valued at the cost of quantity on hand.

Grants and Contributions

Grants and contributions, including unconditional promises to give, are reported as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted net assets until the assets are acquired and placed in service. Contributions of assets other than cash are recorded at their estimated fair value at date of donation.

Income Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 590(a)(2).

Donated Services

A large number of volunteers have donated significant amounts of time, services, and materials on the School's behalf. The value of this contributed time and services has not been reflected in the financial statements, inasmuch as no objective basis is available to measure the value of such services and it does not meet the criteria for recognition under FASB ASC 958.

Net Assets

The following is a description of the net assets shown in the accompanying financial statements:

- Unrestricted - Includes all net assets over which the School has full discretion.
- Temporarily Restricted - Includes unspent contributions restricted by the donor for a particular purpose.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Events Subsequent to Report Date

The School has evaluated events and transactions occurring between June 30, 2018 and November 29, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. There were no subsequent events noted.

NEW ROOTS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Note 1 Summary of Significant Accounting Policies - Continued

Reclassification

Certain amounts presented for the year ended June 30, 2017 has been reclassified to conform to the current year's presentation. These reclassifications had no effect on the June 30, 2017 ending net assets.

Note 2 Concentration of Credit Risk

The School maintains cash balances at one financial institution. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. During the year, deposits may exceed FDIC insurance limits.

Note 3 Allowance for Disputed Claims

The School derives its revenue via billings sent to the home School District for services provided to the respective students. Occasionally, school districts dispute student residency and refuse to pay the related bill. The New York State Charter Schools office has established an intercept process to ensure Charter Schools with substantiated claims are compensated for their services. The School anticipates receiving these funds, but has established an allowance for financial statement purposes. Allowance balances were \$225,795 and \$97,065 at June 30, 2018 and 2017, respectively.

Note 4 Fixed Assets

A summary of changes in fixed assets is as follows:

	2018				
	Cost July 1,	Net Additions	Cost June 30,	Accumulated Depreciation	Net Book Value
Leashold					
Improvements	\$ 595,757	\$	\$ 595,757	\$ (217,575)	\$ 378,182
Equipment	<u>261,098</u>	<u>22,691</u>	<u>283,789</u>	<u>(194,214)</u>	<u>89,575</u>
Total	<u>\$ 856,855</u>	<u>\$ 22,691</u>	<u>\$ 879,546</u>	<u>\$ (411,789)</u>	<u>\$ 467,757</u>
	2017				
	Cost July 1,	Net Additions	Cost June 30,	Accumulated Depreciation	Net Book Value
Leashold					
Improvements	\$ 558,945	\$ 36,812	\$ 595,757	\$ (187,787)	\$ 407,970
Equipment	<u>246,933</u>	<u>14,165</u>	<u>261,098</u>	<u>(172,149)</u>	<u>88,949</u>
Total	<u>\$ 805,878</u>	<u>\$ 50,977</u>	<u>\$ 856,855</u>	<u>\$ (359,936)</u>	<u>\$ 496,919</u>

Depreciation expense for 2018 and 2017 was \$59,280 and \$59,118, respectively.

NEW ROOTS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Note 5 Leases

On May 10, 2009 the School entered into a five year and two month lease agreement with The Historic Clinton House of Ithaca, LLC, commencing on May 15, 2009, for classroom and administrative space. Monthly payments for fiscal year 2018 included \$17,936 for the original lease contract and an additional \$4,685 for extra space. The original lease includes three 5-year options to renew with a 4% base rent increase at the end of each twelve month period. The extra space agreement includes two 5-year options to renew with a 4% base rent increase at the end of each twelve month period. Rent expense under this lease was \$271,454 and \$255,845 for the years ended June 30, 2018 and 2017, respectively. Future minimum rental payments will be:

<u>Year</u>	<u>Payment</u>
2018 - 2019	\$ 285,754
2019 - 2020	149,700
2020 - 2021	2,892

On October 9, 2014, the School entered into a 21 month lease agreement with St. Catherine Greek Orthodox Church for use of a commercial kitchen with monthly payments of \$1,500, excluding July and August. Rent expense under these leases was \$15,000 and \$15,000, for the years ended June 30, 2018 and 2017, respectively.

The School had additional rent expenses for parking and other purposes of \$10,016 and \$9,271 , respectively, for the years ended June 30, 2018 and 2017.

Note 6 Line of Credit

During the years ended June 30, 2018 and 2017, the School maintained a line-of-credit with a local financial institution to ensure adequate cash flows throughout the school year. The line was not utilized during either year.

Note 7 Related Party Transactions

One Board Member is the mother of one of the owners of The Historic Clinton House. This individual abstains from voting on matters pertaining to the building and/or the lease.

NEW ROOTS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

***Note 8* Pension System**

The School participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing multiple employer public defined benefit employee retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. The School's contributions to the System are less than 0.005% of total contributions to the system.

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Plan members who joined NYSTRS before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3.0% of their annual salary. Those joining NYSTRS on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Persons joining on or after April 1, 2012 are required to contribute between 3% and 6% of their annual salary throughout active service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members which shall be used in computing the contributions required to be made by the employer to the Pension Accumulation Fund.

Once an employer joins, they cannot withdraw from the System. This eliminates the risk that an employer will withdraw leaving unfunded obligations to be borne by the remaining employers. As of June 30, 2016, the most recent valuation available, the System's fiduciary net position was \$115,468,360,360 and its net pension asset was \$760,099,284, with a funded status of 100.66%.

The School is required to contribute at an actuarially determined rate. The School's contribution has an outstanding payable to the System in the amount of \$217,973. The required contributions for the prior three years were:

<u>Year</u>	<u>NYSTRS</u>
2018	\$ 77,888
2017	93,124
2016	118,911

NEW ROOTS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Note 9 **Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, consisted of the following:

	<u>2018</u>	<u>2017</u>
CFTC Strategic Planning	\$ 4,000	\$ 4,000
CARS Grant	2,581	2,581
Scholarship Funds	410	410
Sponsor a Senior	2,866	2,866
Events	359	359
Jason New Roots Fund	2,326	2,326
Capital Campaign	625	625
Youth Entrepreneurship Market	<u>1,014</u>	<u>1,014</u>
Total	\$ <u>14,181</u>	\$ <u>14,181</u>

**INDEPENDENT AUDITOR'S 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***

Board of Trustees
New Roots Charter School
Ithaca, New York

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 New Roots Charter School (the School), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, which collectively comprise their basic financial statements, and have issued our report thereon dated November 29, 2018.

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 opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and management responses we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and management responses to be a material weakness (2018-001).

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. We consider the deficiencies described in the accompanying schedule of findings and management responses to be significant deficiencies (2018-002 and 2018-003).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

New Roots Charter School's Response to Findings

The School is currently evaluating and modifying its existing internal controls to address the risks identified. Additionally, the School is in the process of hiring a new accountant to address the identified deficiencies in bookkeeping. The School's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion in it.

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.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
November 29, 2018

NEW ROOTS CHARTER SCHOOL

SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

2018-001 Internal Controls

Condition

During the current year audit, an employee withdrew an unauthorized payroll advance. The advance was undetected until the employee disclosed the advance to management. Subsequent to the disclosure, the employee began making payments to return the funds. Additionally, a record of petty cash transactions was not being updated or reviewed.

Criteria

The School's internal control procedures should provide for adequate segregation of duties to prevent one person from perpetuating and, then, concealing unauthorized transactions. When segregation of duties is not possible, procedures should include mitigating the risk through oversight.

Cause

The School's internal control procedures include the review of bank reconciliations by a member of management. However, the reconciliation and review was not always completed on a regular and timely basis.

Effect

Unauthorized transactions occurred and were not detected by the School's internal controls.

Recommendation

We recommend the School's internal control procedures noted above be strengthened such that the reconciliation is completed in a timely manner so that the review can be conducted every month on a regular schedule. We recommend that this includes a detailed review of the monthly cash activity, including petty cash accounting.

Management Response

Management has set up new cash policies including petty cash accounting with weekly deadlines to ensure that bank reconciliations are completed on a timely basis and available for monthly review.

2018-002 Board Reporting

Condition

Upon inquiry with School management, we learned quarterly reports submitted to the Charter Schools Institute were reviewed by a Board member and the information communicated to the Board of Trustees in at least two instances, but not on a consistent basis. No other financial information appears to have been communicated to the Board throughout the year.

Criteria

In order to perform their fiduciary responsibilities and make appropriate financial decisions, Board members need to have access to timely and accurate financial information.

NEW ROOTS CHARTER SCHOOL

SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Cause

Lack of an organizational calendar with due dates to be used in scheduling reviews and board reports.

Effect

Board members did not have timely and accurate financial information throughout the year.

Recommendation

We recommend management develop a report to be reviewed monthly with the Board to inform them of current financial operations and conditions of the School.

Management Response

Management is in the process of developing a work calendar for the business office including due dates and review steps for both Management and the Board. This calendar will include weekly, monthly and quarterly review processes.

2018-003 Bookkeeping

Condition

During our current and prior year audits, the following accounts required adjustments to reflect actual balances at year end; accounts receivable, accounts payable, accrued payroll, fixed assets, and beginning net assets. Additionally, during the current year audit, payroll taxes and related benefits had not been recorded as part of the normal payroll recording process. Prior to the beginning of the audit, the Finance Director had made an entry to record the payroll taxes and related benefits, but the entry was recorded improperly. The Finance Director was not able to correct the error in a timely manner, which resulted in audit adjustments.

Criteria

It is the responsibility of the School to provide timely and accurate financial information.

Cause

Upon inquiry, the Finance Director did not have the time necessary to conduct a year end analysis and adjust the accounts as necessary.

Effect

Significant audit adjustments were necessary to bring the accounts to proper balances at year end.

NEW ROOTS CHARTER SCHOOL

SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Recommendation

We recommend management review and adjust account balances to agree to underlying support regularly and at year end. We further recommend all entries be entered into QuickBooks as the underlying transactions occur to ensure the School's accounting records accurately reflect activity. In addition, a formal accounting policy should be adopted for accrued payroll and related benefits to ensure consistency and accuracy from year to year.

Management Response

Management believes that Business office personnel failed to prioritize preparing for the audit in a timely manner due to issues previously noted. Corrective actions and personnel changes will resolve this issue.



November 29, 2018

Insero & Co. CPAs, LLP
401 East State Street, Suite 500
Ithaca, New York 14850

This representation letter is provided in connection with your audit of the financial statements of New Roots Charter School (the School), which comprise the Statements of Financial Position as of June 30, 2018 and 2017, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 29, 2018, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 30, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries you have prepared, and they have been posted to the school's accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the School is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 1) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Trustees or summaries of recent meetings for which minutes have not yet been prepared.
- 2) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 3) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 4) We have no knowledge of any fraud or suspected fraud that affects the School and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 5) We have no knowledge of any allegations of fraud or suspected fraud affecting the School's financial statements communicated by employees, former employees, grantors, regulators, or others.

- 6) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 7) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 8) We have disclosed to you the identity of the School's related parties and all the related party relationships and transactions of which we are aware.
- 9) The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 10) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 11) New Roots Charter School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the School's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 12) In regard to drafting the financial statements and related notes, and preparing the appropriate informational returns from our accounting records, we have:
 - a) Assumed all management responsibilities.
 - b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.

Signature: Tina Nilsen-Hodge Signature: Kathleen M. Bello

Title: Principal and Superintendent Title: Treasurer



Transmittal Form
Annual Financial Statement Audit Report
for SUNY Authorized Charter Schools

Charter School Name:	New Roots Charter School
Audit Period:	2017-18
Prior Period:	2016-17
Report Due Date:	Thursday, November 1, 2018
Date Submitted:	Friday, November 30, 2018
School Fiscal Contact Name:	Tina Nilsen-Hodges
School Fiscal Contact Email:	Tina@newrootsschool.org
School Fiscal Contact Phone:	607-882-9220
School Audit Firm Name:	Insero & Co.
School Audit Contact Name:	Leslie Spurgin
School Audit Contact Email:	Leslie.Spurgin@inserocpa.com
School Audit Contact Phone:	607.216.1907

Please submit the following items to the **SUNY Charter Schools Institute** via Epicenter:

Online Portal: <https://my.epicenternow.org/Home.aspx>

Required Items:

- 1) The independent auditor's report on financial statements and notes;
- 2) Excel template file with appropriate sheets completed: Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets; and
- 3) Reports on internal controls over financial reporting and on compliance.

The additional items listed below should be included if applicable. Please explain the reason(s) if the items are not included. Examples might include: a written management letter was not issued; the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000; the management letter response will be submitted by the following date (should be no later than 30 days from the submission of the report); etc. If not applicable enter "N/A."

And, if applicable:

Item	<i>If not included, state the reason(s) below. Or, if not applicable fill in "N/A":</i>
Management Letter	
Management Letter Response	N/A (response included in management comment letter).
Form 990; or Extension Form 8868	
Federal Single Audit/ Uniform Guidance in 2 CFR Part 200, Subpart F	
Corrective Action Plan	N/A (embedded in report).

Please **also** submit the following items to the **New York State Education Department** via online portal:

Online Portal: <https://nysed-cso-reports.myreviewroom.com/>

Required Items:

- 1) This transmittal form (a copy of the Excel file containing the four schedules Does NOT need to be included);
- 2) Audited Financial Report;

And, if applicable:

- 3) Management Letter and Response;
- 4) Federal Single Audit/ Uniform Guidance in 2 CFR Part 200, Subpart F.