

**ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Roosevelt Children's Academy Charter School, Inc.

Opinion

We have audited the accompanying financial statements of Roosevelt Children's Academy Charter School, Inc. (a nonprofit organization) (the "School"), which comprise the statement of financial position as of June 30, 2024 and 2023 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Roosevelt Children's Academy Charter School, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Roosevelt Children's Academy Charter School, Inc. 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 these 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 Roosevelt Children's Academy Charter School, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024, on our consideration of Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'s internal control over financial reporting and compliance.

Reid CPAs, LLP

Woodbury, New York
November 1, 2024

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,131,690	\$ 5,157,605
Grants and contracts receivable	2,559,138	3,091,322
Short-term investments	11,338,632	8,108,992
Prepaid expenses	204,241	246,846
TOTAL CURRENT ASSETS	17,233,701	16,604,765
PROPERTY AND EQUIPMENT		
At cost, less accumulated depreciation and amortization of \$947,854 in 2024 and \$4,965,921 in 2023	821,260	11,501,099
NON CURRENT ASSETS		
Restricted cash	75,558	75,482
Due from Friends of RCA	991,502	100,550
Security deposits	30,371	30,371
Right of use asset	26,905,263	777,112
TOTAL NONCURRENT ASSETS	28,002,694	983,515
TOTAL ASSETS	\$ 46,057,655	\$ 29,089,379
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 688,937	648,066
Advance billing	2,290,989	2,174,591
TOTAL CURRENT LIABILITIES	2,979,926	2,822,657
OTHER LIABILITIES		
Lease liability	27,973,786	801,054
TOTAL OTHER LIABILITIES	27,973,786	801,054
TOTAL LIABILITIES	30,953,712	3,623,711
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	14,923,203	25,288,351
With donor restrictions	180,740	177,317
TOTAL NET ASSETS	15,103,943	25,465,668
TOTAL LIABILITIES AND NET ASSETS	\$ 46,057,655	\$ 29,089,379

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support						
Public School District						
Resident student enrollment	\$ 14,711,599	\$ -	\$ 14,711,599	\$ 14,231,696	\$ -	\$ 14,231,696
Federal grants and contracts	1,037,616	-	1,037,616	876,234	-	876,234
State grants and contracts	14,474	-	14,474	6,653	-	6,653
Investment return, net	327,499	-	327,499	123,707	-	123,707
Other	184,966	49,337	234,303	372,373	59,087	431,460
Net assets released from restrictions	<u>45,914</u>	<u>(45,914)</u>	<u>-</u>	<u>43,190</u>	<u>(43,190)</u>	<u>-</u>
Total revenues and other support	<u>16,322,068</u>	<u>3,423</u>	<u>16,325,491</u>	<u>15,653,853</u>	<u>15,897</u>	<u>15,669,750</u>
Expenses and losses						
Regular education	12,405,714	-	12,405,714	11,330,282	-	11,330,282
Special education	2,372,554	-	2,372,554	2,014,247	-	2,014,247
Management and general	1,561,349	-	1,561,349	1,558,597	-	1,558,597
Fundraising and special events	<u>45,914</u>	<u>-</u>	<u>45,914</u>	<u>43,190</u>	<u>-</u>	<u>43,190</u>
Total Expenses	<u>16,385,532</u>	<u>-</u>	<u>16,385,532</u>	<u>14,946,316</u>	<u>-</u>	<u>14,946,316</u>
Transfer out of land, buildings, building improvements and construction in progress to friends of RCA	10,299,599	-	10,299,599	3,413,799	-	3,413,799
Loss on disposal of fixed assets	<u>2,085</u>	<u>-</u>	<u>2,085</u>	<u>5,944</u>	<u>-</u>	<u>5,944</u>
Total expenses and losses	<u>26,687,216</u>	<u>-</u>	<u>26,687,216</u>	<u>18,366,059</u>	<u>-</u>	<u>18,366,059</u>
Increase (Decrease) in net assets from Operating Activities	(10,365,148)	3,423	(10,361,725)	(2,712,206)	15,897	(2,696,309)
Net Assets at beginning of year	<u>25,288,351</u>	<u>177,317</u>	<u>25,465,668</u>	<u>28,000,557</u>	<u>161,420</u>	<u>28,161,977</u>
Net Assets at end of year	<u>\$ 14,923,203</u>	<u>\$ 180,740</u>	<u>\$ 15,103,943</u>	<u>\$ 25,288,351</u>	<u>\$ 177,317</u>	<u>\$ 25,465,668</u>

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services			Support Services		Total 2024
	Regular Education	Special Education	Total	Management and General	Fundraising	
EXPENSES						
Salaries and wages	\$ 5,273,977	\$ 763,339	\$ 6,037,316	\$ 902,128	\$ -	\$ 6,939,443
Payroll tax expenses and fringe benefits	1,565,963	226,653	1,792,616	267,862	-	2,060,478
Total Personnel Service Costs	6,839,940	989,992	7,829,932	1,169,990	-	8,999,921
Consultants - education	835,136	208,784	1,043,920	-	-	1,043,920
Food purchases	520,272	130,068	650,340	-	-	650,340
Insurance expense	43,580	2,526	46,106	17,053	-	63,159
Supplies and materials	253,138	67,503	320,641	16,876	-	337,517
Textbooks	24,345	6,086	30,431	-	-	30,431
Telephone	71,168	4,126	75,294	27,848	-	103,141
Occupancy	2,686,656	716,442	3,403,098	179,110	-	3,582,208
Field trips	13,778	3,445	17,223	-	-	17,223
Fundraising expenses	-	-	-	-	45,914	45,914
Staff development	42,674	10,668	53,342	-	-	53,342
Equipment - rentals	30,636	1,776	32,412	11,988	-	44,400
Professional fees	80,527	4,668	85,195	31,511	-	116,706
Repairs and maintenance	308,696	82,319	391,015	20,580	-	411,595
Travel	12,596	730	13,326	4,929	-	18,255
Board of Trustees	2,300	133	2,433	900	-	3,333
Utilities	87,290	23,277	110,567	5,819	-	116,386
Depreciation	373,521	99,606	473,127	24,901	-	498,028
Postage	8,597	498	9,095	3,364	-	12,459
Advertising	16,121	935	17,056	6,308	-	23,364
Administrative fees	96,496	5,594	102,090	37,759	-	139,849
Student testing and incentives	52,080	13,020	65,100	-	-	65,100
Other	6,167	358	6,525	2,413	-	8,938
TOTAL EXPENSES	\$ 12,405,714	\$ 2,372,554	\$ 14,778,268	\$ 1,561,349	\$ 45,914	\$ 16,385,530

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Support Services		Total 2023
	Regular Education	Special Education	Total	Management and General	Fundraising	
EXPENSES						
Salaries and wages	\$ 5,668,291	\$ 820,410	\$ 6,488,701	\$ 969,576	\$ -	\$ 7,458,277
Payroll tax expenses and fringe benefits	<u>1,716,515</u>	<u>248,443</u>	<u>1,964,958</u>	<u>293,614</u>	<u>-</u>	<u>2,258,572</u>
Total Personnel Service Costs	<u>7,384,806</u>	<u>1,068,853</u>	<u>8,453,659</u>	<u>1,263,190</u>	<u>-</u>	<u>9,716,849</u>
Consultants - education	706,178	176,544	882,722	-	-	882,722
Food purchases	592,238	148,060	740,298	-	-	740,298
Insurance expense	125,790	7,292	133,082	49,222	-	182,304
Supplies and materials	300,989	80,264	381,253	20,066	-	401,319
Textbooks	21,070	5,268	26,338	-	-	26,338
Telephone	48,405	2,806	51,211	18,941	-	70,152
Occupancy	436,476	116,394	552,870	29,098	-	581,968
Field trips	45,855	11,464	57,319	-	-	57,319
Fundraising expenses	-	-	-	-	43,190	43,190
Staff development	29,892	7,473	37,365	-	-	37,365
Equipment - rentals	30,562	1,772	32,334	11,959	-	44,293
Professional fees	80,823	4,685	85,508	31,627	-	117,135
Repairs and maintenance	504,662	134,576	639,238	33,644	-	672,882
Travel	2,345	136	2,481	918	-	3,399
Board of Trustees	4,757	276	5,033	1,861	-	6,894
Utilities	166,886	44,503	211,389	11,126	-	222,515
Depreciation	696,824	185,820	882,644	46,455	-	929,099
Postage	10,646	617	11,263	4,166	-	15,429
Advertising	11,021	639	11,660	4,313	-	15,973
Administrative fees	70,365	4,079	74,444	27,534	-	101,978
Student testing and incentives	48,250	12,063	60,313	-	-	60,313
Other	<u>11,442</u>	<u>663</u>	<u>12,105</u>	<u>4,477</u>	<u>-</u>	<u>16,582</u>
TOTAL EXPENSES	<u>\$ 11,330,282</u>	<u>\$ 2,014,247</u>	<u>\$ 13,344,529</u>	<u>\$ 1,558,597</u>	<u>\$ 43,190</u>	<u>\$ 14,946,316</u>

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (10,361,725)	\$ (2,696,309)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	498,028	929,099
Transfer of land, buildings, building improvements and construction in progress balance to Friends of RCA	10,299,599	3,413,799
Loss on disposal of fixed assets	2,085	5,944
Gain on sale of investments	(307,444)	-
Amortization of right of use asset, net of liability	1,068,133	23,942
Changes in assets and liabilities:		
Grants and contracts receivable	(358,768)	1,180,433
Prepaid expenses	42,605	(24,580)
Accounts payable, accrued expenses and other liabilities	154,526	248,095
Advance billing	116,398	85,614
Deferred revenue	-	(17,628)
Total adjustments	11,515,162	5,844,718
Net cash provided by operating activities	1,153,437	3,148,409
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(257,080)	(4,101,908)
Reimbursement of prepaid bond costs from friends of RCA	-	3,029,806
Purchase of short-term investments- net of sale proceeds	(2,922,196)	(5,123,707)
Net cash used by investing activities	(3,179,276)	(6,195,809)
NET DECREASE IN CASH	(2,025,839)	(3,047,400)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH- beginning	5,233,087	8,280,487
CASH, CASH EQUIVALENTS AND RESTRICTED CASH- end	\$ 3,207,248	\$ 5,233,087
NON-CASH INVESTING ACTIVITIES		
Recording of Right of use asset - Beginning	\$ 27,172,732	\$ 1,160,652
Recording of Right of use liability - Beginning	\$ 27,172,732	\$ 1,160,652
Transfer of land, building, building improvements and construction in progress balance to friends of RCA	\$ 10,299,599	\$ 3,413,402

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. ORGANIZATION SUMMARY

Roosevelt Children's Academy Charter School, Inc. (the "School"), a 501(c)(3) tax-exempt organization, is a charter public elementary and middle school located in Roosevelt, New York. The School was chartered during July 2000, and the first classes were offered during the 2000-2001 school year. The School is incorporated under a charter granted by the Board of Regents on behalf of the New York State ("State") Education Department (the "NYSED").

The School charter was renewed in June 2020 for an additional five years through June 2025. The School educates children on a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The focus of the School is on the core skills of reading, language, writing and mathematics, with an extended day, a high degree of individualized instruction, and an innovative research based academic curriculum. Enrollment is open to all potential student candidates, with a preference for those residing in the immediate area. In fiscal years 2024 and 2023, the School operated classes for students in kindergarten through 8th grade.

During the fiscal year ended June 30, 2023, the School initiated its plans to expand its capacity to enroll additional students. Friends of Roosevelt Children's Academy Charter School Inc. ("Friends of RCA"), a not for profit organization was created to assist the School in its endeavors. In the Spring of 2023 the Friends of RCA issued Nassau County bonds in the amount of \$32,000,000 to finance the construction of the new facility. In connection with the issuance of the Nassau County bonds, the School transferred its title to 111-115 Pleasant Avenue, Roosevelt, New York to the Friends of RCA. The costs associated with 105 & 106 Pleasant Avenue and 170-174 Babylon Turnpike in Roosevelt, New York were transferred over to Friends of RCA, during fiscal year ended June 30, 2024. Effective July 1, 2023, the School entered into a lease agreement to lease the properties from Friends of RCA as well as reimburse Friends of RCA of any costs related to the maintenance and management of the properties.

LIQUIDITY

As of June 30, 2024, the School has approximately \$16.9M of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures consisting of \$3.1M in cash, \$11.3M in short-term investments and \$2.5M in grants and contributions receivable.

The School is substantially supported by revenues from the Federal and New York State government. As part of its liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The School invests some of its cash in excess of daily requirements in short-term investments.

BASIS OF ACCOUNTING

The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments are reported in the Statement of Financial Position at fair value, which is determined using quoted market prices. Unrealized gains and losses are included in the change in net assets.

NET ASSET PRESENTATION

The classification of the School's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions or time restrictions. It requires that the amounts for each of the two classes of net assets: with donor restrictions and without donor restrictions be displayed in a Statement of Financial Position and that the amounts of change in each of those classes of net assets be displayed in a Statements of Activities and Changes in Net Assets.

Net assets with donor imposed restrictions result from (a) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School and (b) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations.

When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the School considers all short-term, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

FINANCIAL INSTRUMENTS

The School's financial instruments include cash, due from government agencies, marketable securities, accounts payable, and advance billing for which carrying values approximate fair values due to the short maturities of those instruments.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Additions and improvements or betterments in excess of \$5,000 with an estimated useful life of greater than one year are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Normal replacement and maintenance costs are charged to earnings as incurred and major renewals and significant improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss for the year is included in income.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The estimated useful lives of the fixed assets are as follows:	<u>(Years)</u>
School buildings	20
Building Improvements	20
Leasehold Improvements	10
Furniture and fixtures	7
Office equipment	7
Computer equipment	3
Automobiles	5
Software	3

Depreciation for construction-in-progress will commence over the estimated useful lives of the respective assets when the assets are placed in service.

ASSET IMPAIRMENT

The School reviews long-lived assets, including equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

RESTRICTED CASH

Restricted cash related to a reserve account that is required to be maintained by the School in accordance with the charter requirements of \$75,558 and \$75,482 as of June 30, 2024 and 2023.

ADVANCE BILLING

Advance billing represents tuition and fees billed for the next school term.

DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. A number of volunteers have made contributions of their time to the School to develop its academic programs or serve on the School's board of trustees.

Teachers also provided fund-raising services throughout the fiscal year. None of these services are recognized as contributions in the accompanying financial statements since the specialized skill criteria for recognition under U.S. GAAP have not been met.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue from state and local governments resulting from the School's charter status is based on the number of students enrolled, and is recorded when services are performed in accordance with the charter agreement. The New York State Department of Education mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Revenue from federal and state government grants and contracts is recognized by the School when qualifying expenditures are incurred and billable to the government or when required services have been provided during the applicable school year. Billing in advance is recorded as unearned revenue.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represent funds under charter school contracts that have been billed but not collected as of the date of the financial statements. Grants and contracts receivable are recorded at net realizable value. As of June 30, 2024 and 2023, the School writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the School's accounting policy election. The School's management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

STUDENT ENROLLMENT

Enrollment of available class slots is open to all potential student candidates with those residing in the immediate area given first preference. A lottery is held to award these available slots.

FUNCTIONAL EXPENSE ALLOCATION

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statement of activities. The expenses allocated include:

Occupancy based on square footage, travel, repairs and maintenance, professional fees and staff development based on time and effort. Accordingly, certain costs have been allocated among the respective programs and supporting services benefited using methodologies developed by management as follows:

- Program services – represents expenses directly associated with general education and special education for certain students requiring additional attention and guidance.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSE ALLOCATION (CONTINUED)

- Management and general – represents expenses related to the overall administration and operation of the School that are not associated with any program services or development.

INCOME TAXES

The School is exempt from Federal, state and local income taxes under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(2) and 170 (B)(1)(A)(II) of the IRC. There was no unrelated business income for the years ended June 30, 2024 and 2023, respectively.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the School may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business income taxable ("UBIT"). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2024 and 2023.

The School has filed federal information returns, as required, and all other applicable returns in jurisdictions where required. For the years ended June 30, 2024 and 2023 respectively, there was no interest or penalties recorded or included in the statement of activities. The School is subject to routine audits by a taxing authority. As of June 30, 2024, the School was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examination by taxing authorities for the years prior to June 30, 2022.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS ADOPTED AND TO BE ADOPTED

Through June 2024, the Financial Accounting Standards Board ("FASB") issued various updates ("ASUs") to the FASB Accounting Standards Codification ("ASC"). ASU 2016-02 "Leases" was implemented during the fiscal year ended June 30, 2023. ASU 2016-02, "Leases," requires lessees to recognize a lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the School that are subject to the guidance in FASB ASC 326 were Grant and Contracts receivables. The School adopted the standard effective July 1, 2022. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

LEASES

The School recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The School is a lessee in four noncancellable operating leases for its premises in Roosevelt, New York. The School determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The School recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the School uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, the School uses its incremental borrowing rate based on the information available at the commencement date for all leases. The School's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term. The School has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the School is reasonably certain to exercise. The School recognizes lease costs associated with our short-term leases on a straight-line basis over the lease term.

3. CONCENTRATION OF CREDIT RISK

The School maintains its cash balances at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each institution. At June 30, 2024 and 2023, the School's uninsured cash balances totaled approximately \$3,188,000 and \$5,000,000 respectively. The School's management monitors the balances in excess of the FDIC coverage to limit any exposure to loss due to credit risk on cash and cash equivalents. However, the School has not experienced any losses in such accounts and does not believe it is exposed to significant risk on its cash and cash equivalent accounts.

4. PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT AGENCIES

Under the School's charter school agreement and the Charter Schools Act, the School is entitled to receive funding from the NYSED through pupil enrollment funds. The calculation of the amounts to be paid to the School under these programs is determined by the NYSED and is based on complex laws and regulations, enrollment levels, and economic information related to the home school districts of the children enrolled in the School.

If these regulations were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly.

Federal food subsidies and Title I, II and IV funds are received through grants approved by the U.S. Department of Agriculture and Education respectively. The State food subsidies are received through grants approved by the NYSED.

The amount received from government agencies and included as revenue in the Statements of Activities consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
NYSED (pupil enrollment)	\$ 14,711,599	\$ 14,231,696
Federal Government	1,037,616	876,234
New York State	<u>14,474</u>	<u>6,653</u>
	<u>\$ 15,763,689</u>	<u>\$ 15,114,583</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

5. INVESTMENTS

Investments are carried at fair value and realized and unrealized gains and losses are reflected within investment return, net, in the statements of activities and changes and in net assets.

The School invested its excess cash in short-term investments. Investments as of June 30, 2024 and 2023 were \$11,338,632 and \$8,108,992 respectively with various maturity dates in 2023 and 2024.

Investments at June 30 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Investments at beginning of year	\$ 8,108,992	\$ 2,985,285
Investments during the year - Net	2,912,950	5,000,000
Investments return, net	316,690	123,707
Investments at end of year	<u>\$ 11,338,632</u>	<u>\$ 8,108,992</u>

6. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table summarizes cash, cash equivalents and restricted cash as reported on the statements of cash flow:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,131,694	\$ 5,157,605
Restricted cash	<u>75,558</u>	<u>75,482</u>
Total cash, cash equivalents and restricted cash reported on statements of cash flows.	<u>\$ 3,207,252</u>	<u>\$ 5,233,087</u>

7. ADVANCE BILLING

The School invoices the appropriate school districts in June for the first two months of the following fiscal year. Those billings will be recognized during the next fiscal year. At June 30, 2024 and 2023, advance billing totaled \$2,290,989 and \$2,174,591, respectively.

	<u>2024</u>	<u>2023</u>
Balance at the beginning of year	\$ 2,174,591	\$ 2,088,977
Additions:		
Advance billing issued	2,290,989	2,174,591
Reductions:		
Advance billing earned	<u>2,174,591</u>	<u>2,088,977</u>
Balance at end of year	<u>\$ 2,290,989</u>	<u>\$ 2,174,591</u>

As of June 30, 2024 and 2023, the School received no advance payments from school districts.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

8. PROPERTY AND EQUIPMENT

At June 30, property and equipment consisted of the following

	<u>2024</u>	<u>2023</u>
Land	\$ -	\$ 1,307,889
School buildings	-	5,952,993
Building improvements	-	1,655,969
Leasehold improvements	212,358	166,033
Furniture and fixtures	137,823	127,771
Computer equipment	1,090,129	1,429,101
Office equipment	193,768	116,143
Software	50,786	57,190
Modular space	75,000	-
	<u>\$ 1,759,864</u>	<u>\$ 10,813,089</u>
Less: Accumulated depreciation and amortization	947,854	4,965,921
	<u>812,010</u>	<u>5,847,168</u>
Construction in progress	9,250	5,653,931
Total	<u>\$ 821,260</u>	<u>\$ 11,501,099</u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 were \$498,028 and \$ 929,099, respectively.

During the years ended June 30, 2024 and 2023, the School transferred \$5,653,931 and \$3,413,799 in construction in progress at 115 Pleasant Avenue, Roosevelt, N.Y., respectively to the books of Friends of RCA pursuant to the agreement between RCA and Friends of RCA. In addition land, building and building improvements were transferred during the fiscal year ended June 30, 2024 to Friends of RCA for \$1,307,889 and \$3,474,984. During the fiscal year ended June 30, 2023 \$3,029,806 in bond costs related to 115 Pleasant Avenue incurred by the School were reimbursed by Friends of RCA. The agreement calls for Friends of RCA to own, manage and rent out the buildings to RCA for 48 years effective July 1, 2023.

During the years ended June 30, 2024 and 2023, the School wrote-off certain old assets that no longer had any use or value. During the years ended June 30, 2024 and 2023, the school incurred a loss on disposition of \$2,085 and \$5,944 respectively.

9. CREDIT AGREEMENT

The School had a \$4,500,000 variable revolving line of credit which was unused during the fiscal year 2023. The line of credit was subject to interest rate equal to the Wall Street Prime Rate with a minimum floor rate of 3.25% and required the School to maintain a restricted cash balance of \$3,000,000 as collateral. The line of credit was terminated in January 2023.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

10. EMPLOYEE BENEFIT PLANS

DEFINED CONTRIBUTION PLAN

The School sponsors a 401(k) plan (the "Plan") that covers substantially all of its eligible employees. Employees are eligible for the Plan upon employment, and participation in the plan is voluntary. Under the 401 (k) salary reduction provisions of the Plan, employees may elect to defer a portion of their compensation, subject to statutory limitations, and have the deferred amounts contributed to their retirement accounts which become fully vested immediately. The School matches participants' contributions to the Plan up to 4% of the individual participants' annual compensation. The School's contribution recognized in the Statements of Activities and Changes in Net Assets was \$118,460 and \$153,061 for the years ended June 30, 2024 and 2023, respectively. The Plan's assets are held in a separate trust for the exclusive benefit of the participants and beneficiaries and are not included in the accompanying financial statements.

DEFINED BENEFIT PLAN

The School sponsors a defined benefit pension plan (the "Cash Balance Plan") covering substantially all of its employees, except for certain union employees that are excluded effective June 30, 2023 as a result of a plan change. Pension benefits are based on years of service and the employee's compensation during the last five years of employment. The School's funding policy is to make the minimum annual contribution required by applicable regulations. Any underfunded balances at year end are adjusted for in the following years contributions. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

Pension Plan obligations and funded status:

	<u>2024</u>	<u>2023</u>
Projected benefit obligation at June 30	\$ (3,655,247)	\$ (3,167,381)
Pension Plan assets at fair value at June 30	\$ 3,522,071	\$ 3,136,035
Funded (Under Funded) status	<u>\$ (133,176)</u>	<u>\$ (31,346)</u>
Reconciliation of Projected benefit obligation:		
Benefit Obligation, Beginning of the Year	\$ (3,167,381)	\$ (3,015,855)
Service Cost	(650,261)	(642,896)
Interest Cost	(147,842)	(120,363)
Actuarial Gain	116,783	337,685
Benefits Paid	<u>193,454</u>	<u>274,048</u>
Current year Benefit Obligation	<u>\$ (3,655,247)</u>	<u>\$ (3,167,381)</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

10. EMPLOYEE BENEFIT PLANS (CONTINUED)

Funded Position:	<u>2024</u>	<u>2023</u>
Projected benefit obligation	\$ (3,655,247)	\$ (3,167,381)
Market value of Assets	<u>3,522,071</u>	<u>3,136,035</u>
Funded status	(133,176)	(31,346)
Net Gain/(Loss)	<u>(304,753)</u>	<u>(212,638)</u>
Prepaid benefit cost	<u>\$ (437,929)</u>	<u>\$ (243,984)</u>

Actuarial Assumptions

Based on discount rate of 5.40% at 6/30/2024 and 4.95% at 6/30/2023

Weighted-average rate of compensation increase: 3.0%

Mortality tables used:

For 2024, Pri-2012 Health Annuitant Tables with Generational Improvements using Scale MP-2021
For 2023, Pri-2012 Health Annuitant Tables with Generational Improvements using Scale MP-2021

Amounts recognized in the Statement of Financial Position:

	<u>2024</u>	<u>2023</u>
Noncurrent Liabilities	\$ (133,716)	\$ (31,346)
Pension asset/(liability)	<u>\$ (133,716)</u>	<u>\$ (31,346)</u>
Actuarial Assumptions		
Discount Rate	4.95%	4.55%
Expected return on Plan Assets	4.95%	4.55%
Salary Scale	3.00%	3.00%
Average Future Service	22.64	20.95
Components of Net Periodic Benefit Cost	<u>2024</u>	<u>2023</u>
Service Cost	\$ 650,261	\$ 642,896
Interest Cost	147,842	120,363
Expected Return on Assets	<u>(154,158)</u>	<u>(138,951)</u>
Net Periodic Benefit Cost	<u>\$ 643,945</u>	<u>\$ 624,308</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

10. EMPLOYEE BENEFIT PLANS (CONTINUED)

Expected Benefit Payments as of July 1, 2023:

Year	Active	Terminated	Retired	Total
2024	\$ 551,285	\$ -	\$ -	\$ 551,285
2025	49,083	-	-	49,083
2026	72,205	10,985	-	83,190
2027	356,001	-	-	356,001
2028	86,689	13,424	-	100,113
2029	25,670	-	-	25,670
2030	57,562	-	-	57,562
2031	21,264	-	-	21,264
2032	-	44,550	-	44,550
2033	165,288	-	-	165,288
Total	<u>\$ 1,385,047</u>	<u>\$ 68,959</u>	<u>\$ -</u>	<u>\$ 1,454,006</u>

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3) measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 - Inputs to valuation methodology are unadjusted quoted process for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

10. EMPLOYEE BENEFIT PLANS (CONTINUED)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2024 and 2023:

Cash and cash equivalents and money market funds: Fair value equals cost.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy; the School's Pension Plan assets measured at fair value on a recurring basis as of June 30, 2024 and 2023:

Asset Class	Assets at Fair Value @ June 30, 2024		
	Total	Level 1	Level 2
Cash	\$ 277,572	\$ 277,572	\$ -
Fixed Income Securities	1,895,457	-	1,895,457
Annuities/Insurance	1,349,042	-	1,349,042
	<u>\$ 3,522,071</u>	<u>\$ 277,572</u>	<u>\$ 3,244,499</u>
	Assets at Fair Value @ June 30, 2023		
Asset Class	Total	Level 1	Level 2
Cash	\$ 280,521	\$ 280,521	\$ -
Fixed Income Securities	1,547,448	-	1,547,448
Annuities/Insurance	1,308,067	-	1,308,067
	<u>\$ 3,136,036</u>	<u>\$ 280,521</u>	<u>\$ 2,855,515</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

11. LEASES

The School has an obligation as a lessee for its premises in Roosevelt, N.Y. effective July 1, 2020 with an noncancelable term in excess of one year due to expire on June 30, 2025. In addition, the school entered into four leases effective July 1, 2023 with Friends of RCA for it's school facilities in Roosevelt, New York, expiring in 48 years. The school classified these leases as operating leases. Payments due under the lease contracts include fixed payments.

There were no components of lease cost and supplemental cash flow information to disclose for the year ended June 30, 2024.

Amounts reported in the balance sheet as of June 30, 2024 were as follows:

Operating lease Right of use assets \$26,905,263
Operating lease liabilities \$27,973,786

Weighted average remaining lease term: 48 years
Weighted average discount rate: 5.00 %

Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new leases, lease modifications or reassessments.

Maturities of lease liabilities under the noncancellable operating leases as of June 30, 2024 are as follows:

Year ended June 30,	Lease Payments		
	Due	Interest Expense	Lease Liability
2025	\$ 1,288,274	\$ (1,401,255)	\$ (112,981)
2026	1,322,662	(1,406,236)	(83,574)
2027	1,357,997	(1,409,691)	(51,694)
2028	1,394,304	(1,411,492)	(17,188)
2029	1,350,738	(1,299,803)	50,935
2030 and thereafter	82,542,536	(54,354,248)	28,188,288
Total	<u>\$ 89,256,511</u>	<u>\$ (61,282,725)</u>	<u>\$ 27,973,786</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

12. CONCENTRATIONS OF CREDIT RISK

The School received approximately 94% and 92% all of its support and revenue from per pupil funding from the New York State Department of Education during the years ended June 30, 2024 and 2023, respectively. Additionally, the School's grants receivable consists of approximately 99% and 99% from the New York State Department of Education as a pass through from the Federal Government, respectively. If the School's charter was modified, reducing or eliminating these pass thru from Federal revenues, the School's finances could be materially adversely affected and would have a significant impact on the School's ability to carry out its activities at current levels.

13. NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

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

14. CONTIGENCIES

The School continues to be a defendant in employment related lawsuits and arbitration matters. The School has defended itself vigorously in these matters. The losses, if any, from the open claims are not expected to have a material effect on the School's financial position or results of operations and are covered by insurance.

15. SUBSEQUENT EVENTS

The School's management has performed subsequent event procedures through November 1, 2024, which is the date the financial statements were available for issuance. The School entered into a lease agreement with Friends of RCA to lease the school properties at 111 Pleasant Avenue, Roosevelt, N.Y. for 48 years effective in 2024 once the School begins occupying the property. Monthly lease payments due will be \$343,645 respectively for the first fiscal year with incremental increases of 3% thereafter.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
Passed through NY State Child Nutrition Program			
U.S. Department of Agriculture			
School Breakfast Program	10.553	N/A	\$ 92,440
National School Lunch Program	10.555	N/A	227,008
Federal Snacks	10.555	N/A	20,816
U.S. Department of Education			
Passed through NY State Education Department			
Title I Funding	84.010	N/A	126,137
Title II Funding	84.367	N/A	19,288
Title IV Funding	84.424	N/A	9,999
ARP – ESSER 3	84.425U	N/A	<u>541,928**</u>
Total Expenditures of Federal Awards			\$ <u>1,037,616</u>

** Denotes Major Program

Reconciliation to Federal Grants per Statement of Activities

Federal Grants per Statement of Activities	\$ <u>1,037,616</u>
Total Federal Expenditures	\$ <u>1,037,616</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Roosevelt Children's Academy Charter School, Inc..(the "School") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

3. Roosevelt Children's Academy Charter School Inc. is subject to audit examination by the funding sources of grants to determine its compliance with certain grant provisions. In the event that expenditures could be disallowed through the audit, repayment of such disallowances could be required.

4. SUB-RECIPIENTS

Of the federal expenditures presented in the Schedule, Roosevelt Children's Academy Charter School Inc. provided none of its federal awards to sub-recipients.

**INDEPENDENT AUDITORS' 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**

The Board of Trustees
Roosevelt Children's Academy Charter School, Inc.

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 Roosevelt Children's Academy Charter School, Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the '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 's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reid CPAs, LLP

Woodbury, New York
November 1, 2024

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Roosevelt Children's Academy Charter School, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Roosevelt Children's Academy Charter School, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Roosevelt Children's Academy Charter School, Inc.'s major federal programs for the year ended June 30, 2024. Roosevelt Children's Academy Charter School, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Roosevelt Children's Academy Charter School, Inc. complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Roosevelt Children's Academy Charter School, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Roosevelt Children's Academy Charter School, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Roosevelt Children's Academy Charter School, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Roosevelt Children's Academy Charter School, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Roosevelt Children's Academy Charter School, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Roosevelt Children's Academy Charter School, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Roosevelt Children's Academy Charter School, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Roosevelt Children's Academy Charter School, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Reid CPAs, LLP

Woodbury, New York
November 1, 2024

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Roosevelt Children's Academy Charter School, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Roosevelt Children's Academy Charter School, Inc., which could be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal programs for the Roosevelt Children's Academy Charter School, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as major programs were:

ARP-ESSER3

84.425U

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Roosevelt Children's Academy Charter School, Inc. was determined to be a low-risk auditee.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2024

Current Year Findings and Recommendations

None

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2024

Follow-up of Prior Year's Findings and Recommendations

None